

# COMPETITIVENESS PARTNERSHIPS—

## BUILDING AND MAINTAINING PUBLIC-PRIVATE DIALOGUE TO IMPROVE THE INVESTMENT CLIMATE

*A resource drawn from the review of 40 countries' experiences*

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## Introduction and Executive Summary

Competitiveness partnerships consist of structured dialogue between the public and private sector to improve the investment climate. Competitiveness partnerships come in a wide range of forms, from broad-based statutory consultation involving business associations and labor unions to small and informal groups of prominent businessmen meeting with top government ministers. The political and economic context of a country determines the kind of partnership that is feasible and likely to succeed, but it is possible to distill some ideas and techniques from best practice. This paper aims to do that by drawing on the experiences of 40 countries.<sup>2</sup> It is designed to be used as a resource by donors, governments or businesspeople who are interested in establishing, maintaining or improving a competitiveness partnership in their country or region.

This paper follows up on a case study published in 2004 by Herzberg on the Bulldozer Initiative in Bosnia and Herzegovina.<sup>3</sup> By encouraging ordinary businesspeople to submit ideas for regulatory reform, the Bulldozer sought to overcome the problem of the “constituency gap”, which arises when donors and governments design reforms without sufficient input from the core constituency of stakeholders who will ultimately be affected by them. It was widely accepted that these efforts to bridge the constituency gap in Bosnia and Herzegovina resulted in reforms which were better conceived and more effectively implemented because they arose from increased mutual understanding between government and the business community.

In this paper, the authors investigate the experience of other countries with competitiveness partnerships and seek to identify common and replicable strategies and success factors. Because experience with structured public-private dialogue is relatively limited and the available literature even more so, this paper should not be seen as an attempt to provide definitive answers. Rather, it presents a variety of ideas and opinions on which practitioners can draw when considering their own particular circumstances.

In addition to research of the published material listed in the bibliography, this paper draws on:

- cases and experiences involving the World Bank and the IFC and related documents;
- answers to a questionnaire to practitioners and further personal correspondence;
- personal experience of the authors with specific initiatives.

The views presented in this article hence do not represent the official opinion of the World Bank Group.

The paper has three parts. Part One outlines what competitiveness partnerships can achieve. Part Two describes how competitiveness partnerships function, presenting issues to consider when designing such partnerships and a range of ways in which they may be approached. Part Three identifies challenges that competitiveness partnerships have frequently faced and strategies that have been employed to overcome them. In the Annexes, the authors distill the most important questions raised in the paper into a concise checklist for practitioners (Annex I), identify useful online resources for further reading (Annex II), provide one-paragraph summaries of the competitiveness partnerships discussed in the paper (Annex III) and present the questionnaire sent to participants from which some examples in the paper are drawn (Annex IV).

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<sup>2</sup> Bolivia, Bosnia and Herzegovina, Botswana, Bulgaria, Cambodia, Cameroon, Chile, Cook Islands, Czech Republic, D. R. Congo, East Timor, Germany, Ghana, Hungary, Indonesia, Ireland, Japan, Kosovo, Malaysia, Mali, Malta, Mauritius, Mexico, Mongolia, Mozambique, Netherlands, Nicaragua, Nigeria, Poland, Samoa, Senegal, Slovakia, South Africa, Suriname, Tanzania, Thailand, Turkey, Uganda, Vietnam, Zimbabwe.

<sup>3</sup> *Investment Climate Reform Going the Last Mile: The Bulldozer Initiative in Bosnia and Herzegovina* – Benjamin Herzberg, World Bank, September 2004

# Table of Contents

<b>Introduction and Executive Summary</b>	2
<b>Part One: The Payoffs of Partnership</b>	4
1.1 – Policy Reforms	4
1.2 – Policy Implementation	5
1.3 – Macro Impact	6
1.4 – Good governance	6
1.4.1 – Setting an example	7
1.4.2 – Shedding light on institutions	7
1.4.3 – Improving private sector input into policy design	7
1.5 – Trust, understanding and social cohesion	8
<b>Part Two: Options &amp; Advice</b>	10
2.1 – Ignition	10
2.1.1 – Political will matters more than legal status	10
2.1.2 – Creating and adapting institutions	10
2.1.3 – Establishing credibility	11
2.1.4 – Urgency, crisis and imaginary deadlines	12
2.1.4 – Four Dimensions	12
2.2 – Organizing participation	13
2.2.1 – Size of group	13
2.2.2 – Selection of participants	14
2.2.3 – Top-level government involvement	14
2.2.4 – Unions, academics and NGOs	15
2.3 – Structure	16
2.3.1 – Looseness vs. rigidity	16
2.3.2 – Secretariat and working groups	16
2.3.3 – The rhythm of meetings	17
2.3.4 – Logistical details	20
2.3.5 – Mapping the partnership's structure to the government's	20
2.3.6 – Local and Regional Groups	20
2.4 – Setting and reaching goals	21
2.4.1 – Policy reforms	21
2.4.2 – Clear and credible recommendations	22
2.4.3 – Low-hanging fruits	22
2.4.4 – Staying the course	22
2.5 – The Role of Donors	23
2.5.1 – Perceptions of donors	23
2.5.2 – Need to transfer ownership	24
2.5.3 – Setting the Agenda	24
2.6 – Communication Strategy	25
2.6.1 – The need for communications	25
2.6.2 – Branding	26
2.6.3 – Social Marketing	27
<b>Part Three: Challenges and Strategies</b>	28
3.1 – CHALLENGE: Reinforcing vested interests	28
3.1.1 – STRATEGY: Be open and transparent	28
3.1.2 – STRATEGY: Create a broad base	29
3.2 – CHALLENGE: Big businesses domination excludes SMEs	29
3.2.1 STRATEGY: Strengthen business associations	30
3.2.2 STRATEGY: Reach out to every entrepreneur equally	31
3.3 – CHALLENGE: The Talk Shop	31
3.3.1 – STRATEGY: Revisit the structure	32
3.3.2 – STRATEGY: Clear agendas with concrete proposals	32
3.3.3 – STRATEGY: Manage expectations	32
3.3.4 – STRATEGY: Make participants accountable to press and peers	33
3.3.5 – STRATEGY: Live and let die	33
3.4 – CHALLENGE: The one-man band	33
3.4.1 – STRATEGY: Generate support from the bottom-up	34
3.4.2 – STRATEGY: Foster realistic expectations	34
3.5 – CHALLENGE: Playing politics	34
3.5.1 – STRATEGY: Use outreach to de-politicise	35
3.5.2 – STRATEGY: Woo parliamentarians and local politicians	35
3.6 – CHALLENGE: Undermining others	35
3.6.1 – STRATEGY: Bring existing institutions on board	35
3.6.2 – STRATEGY: Include ministerial technical staff	36
<b>Conclusion</b>	37
Annex I: Checklist	38
Annex II: Online resources	42
Annex III: Partnerships summaries	45
Annex IV: Questionnaire to practitioners	51
Bibliography	53
Index	55

## PART ONE: The Payoffs of Partnership

Communication is vital for private sector development. Governments that listen to the private sector are more likely to design credible and workable reforms, while entrepreneurs who understand what their government is trying to achieve with a program of reforms are more likely to accept and support them. Competitiveness partnerships can both clarify the incentives and build the capacity of governments to implement reforms. Dialogue with entrepreneurs not only helps to reveal to governments the likely micro-economic foundations for growth, it creates a sense of local ownership which makes policies more likely to succeed in practice, ideally building a sustainable and self-reinforcing constituency for reform.

“Why would I support a reform from my government if my government did not bother asking my opinion? I am not a politician but I know how hard it is to run a business with the current regulations. I am not a lawyer but I can hint at solutions that the government could decide on and implement.”

**Zoran Gazibaric, owner of “Nobil, d.o.o.” a mattress company, Trvanik, Bosnia and Herzegovina.**

Part One of the paper looks at the range of potential impacts competitiveness partnerships can have. Section 1.1 illustrates the range of specific policy reforms for which competitiveness partnerships have been responsible. Enacting legislation is only the beginning, as changes have to be implemented in practice; section 1.2 shows how competitiveness partnerships can help with follow-through. Section 1.3 asks how dialogue can contribute to promoting macroeconomic growth. Section 1.4 discusses the ways in which competitiveness partnerships can improve transparency and governance, and section 1.5 explores the less tangible but no less critical benefits in terms of trust, understanding and social cohesion.

### 1.1 – Policy Reforms

Competitiveness partnerships can bring about policy reforms by themselves, but they often work by facilitating, accelerating or bringing focus to other ongoing initiatives. In **Senegal**, for instance, prior to the Council for Presidential Investment (CPI) being set up in 2002 “[m]any previous policy recommendations related to private sector development had failed to be implemented. The impact of the work of CPI has been to concretize specific policy action.”<sup>4</sup> Reforms can include new legislation, the amendment or repeal of existing legislation, removing or simplifying regulations and controls, standardizing procedures across different jurisdictions, and setting up new institutions. Some examples indicate the variety of concrete outputs that are possible, ranging from broad legislative reform to logistical improvements and new institutions:

“The Tanzania Investor Council did not invent the Land Act and Income Tax Act. But we helped define it better and we clearly accelerated its enactment. Without our group, it would have languished in a bureaucratic maze for another year or two.”  
**Natwar Gotecha,**  
**Founding Member,**  
**Tanzania Investor Council.**

- In **Vietnam**, the Vietnam Business Forum succeeded in amending the Law on Business Companies, to streamline licenses and approvals, and loosening restrictions on the number of foreigners a business could employ.
- In **Botswana**, the National Business Conference and High Level Consultative Council were instrumental in the adoption of a new public procurement and asset disposal bill, removal of exchange controls and adoption of penalty clauses for delays in settling invoices.<sup>5</sup>
- In **Turkey**, the work of the Coordination Council for the Improvement of the Investment Climate (YOIKK) led to a new framework of laws to facilitate foreign direct investment and dramatically simplify the procedure of registering a new company.
- In **Cambodia**, a working group of the Private Sector Forum achieved the reduction of a punitive toll on a strategically important road.<sup>6</sup>
- In **Malaysia**, the internationally-acclaimed Penang Skills Development Center (PSDC) arose from a collaboration between government, industry and

<sup>4</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>5</sup> *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002, p12

<sup>6</sup> *Cambodia: Coordinating Bureau of the Private Sector Forum (Supported by International Finance Corporation, Australian Agency for International Development) Progress Report January 2002 - January 2004* – James Brew, March 2004, p6

- academia; industry provides most of the funding for the center through a membership scheme.<sup>7</sup>
- In the Halle-Leipzig-Dessau region of **Germany**, “a public- private dialogue in the chemical sector developed into co-operation between big firms and regional SMEs and the establishment of a network of 50 firms in the plastic sector, preparing the creation of a Technological institute for polymers.”<sup>8</sup>
  - In **Bosnia**, a reduction in the minimum capital requirement for registering LLCs was one of many reforms achieved by the Bulldozer Initiative.<sup>9</sup>

## **1.2 – Policy Implementation**

Enacting legislation may prove merely symbolic if the new policies are not implemented in practice. This can happen if the design of reforms fails to take account of practical realities: the quote from the **Vietnam** internet forum VNBIZ.net (right) illustrates the problem. Dialogue has obvious potential to help ensure that reforms are feasible. But there are also reasons why workable new legislation can fail to have a practical effect on the core constituency: reforms can stall in committee meetings intended to fill in details or write new rulebooks; ministries may fail to make necessary amendments to related bylaws; enforcement agencies may not be instructed about the change and how to implement it; necessary new items of paperwork may not be distributed, or institutions inadequately staffed or funded. The more closely core constituents are involved in each step of implementation, the more likely reforms are to succeed in practice.

“I really wonder, how somebody can draft such an irrational, contradicting, short-thought, simply stupid document. One of the kind that is ten thousand times broken the moment it is released, and one that cannot be followed without bringing Vietnam to a stop.”

**Comment regarding a decree limiting the number of foreign staff in Vietnamese companies, posted on VNBIZ.net, a forum on Vietnam economic and business issues**

Competitiveness partnerships can help by disseminating awareness of the changes. One of the **Bosnia** Bulldozer reforms was the abolition of an anachronistic 2% surcharge on building new business premises, ostensibly to fund the construction of bomb shelters. A member of the Bulldozer Initiative reported that when he subsequently went to the municipal office to register a building permit, the clerk had not been informed about the change; had the businessman not been able to show the clerk the official gazette in which the reform was published, he would still have been charged the 2% fee even after its official abolition.

Competitiveness partnerships can also help by opening up channels of communication and feedback loops. The monitoring mechanism in **Mexico’s** pact system in the late 1980s was widely seen as crucial in enabling government, labor and business groups to police each other’s compliance with agreements. More recently, the Mexican Federal Commission for Regulatory Improvement (COFEMER) has incorporated direct feedback from entrepreneurs into its “Regulatory Moratorium” process. In 2004, Mexican entrepreneurs used that mechanism to argue against 63 specific formalities that, in their opinion, would have had an unnecessary high cost to doing business. After scrutiny, 62 of those 63 high-impact regulations were indeed considered as having too-high of a negative impact and were thus eliminated before they could reach the legislative process.

Useful information on individual wrongdoing can also arise from competitiveness partnerships: in **Botswana**, discussions of a working group of the High Level Consultative Committee alerted the government to the problem of shops near school premises illegally selling alcohol and cigarettes to minors.<sup>10</sup> in **Malaysia**, dialogue between business and the Malaysian Industrial Development Authority led to a company having its export license rescinded for abusing an export subsidy to dump its products domestically.<sup>11</sup> **Uganda’s** National Forum was also used to alert authorities to the abuse of tax breaks given for specific purposes.<sup>12</sup> But the watchdog function of

<sup>7</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p25

<sup>8</sup> *Regional Innovation Strategies of the European Regional Development Fund – Innovative Actions 2000-2002* – European Commission DG Regional Policy, 2002, p11

<sup>9</sup> For a complete list of reforms achieved by the Bulldozer Committee in Bosnia and Herzegovina, please see *Investment Climate Reform Going the Last Mile: The Bulldozer Initiative in Bosnia and Herzegovina* – Benjamin Herzberg, World Bank, September 2004, or go to <http://www.bulldozer.ba>

<sup>10</sup> *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002, p12

<sup>11</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p35

<sup>12</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p14

competitiveness partnerships should not degenerate into a forum for mutual accusations between competing businesses: the mechanism for alerting the relevant authorities to illegal behavior needs to be distinct from the partnership's central function of creating laws which are less easy to abuse.

### **1.3 – Macro Impact**

If competitiveness partnerships are successful in improving investment climate conditions, they will naturally have an effect on a country's macroeconomic situation. It is difficult to measure the specific macroeconomic impact of the partnerships because it is generally difficult to isolate their effects from those of other competing causes. A rare exception is **Mexico**, where there is a clear and accepted link between the public-private pact process of the late 1980s and success in bringing hyperinflation under control.<sup>13</sup> But generally it is difficult to establish concrete statistical evidence linking reforms brought about by dialogue to employment or poverty indicators, so only suggestive evidence can be adduced.

The most obvious circumstantial evidence comes from the role of competitiveness partnerships in promoting reforms often associated with macro benefits: for example, it would be expected that reforms such as those achieved in **Senegal** by Presidential Investors' Council – rationalizing incentive regimes, reducing income taxes and adopting a new investment code – should lead to more investment and consequently growth. When dialogue leads to greater stability and predictability in the legislative and regulatory environment, investors should feel more confident in entering a country: there is anecdotal evidence suggesting that foreign direct investment increased in **Bosnia** because of the favorable coverage the Bulldozer Initiative received in the international press, with positive articles in the London Times, New York Times and Financial Times.

Further circumstantial evidence of the value of competitiveness partnerships is the importance which the European Union places on them as a tool of improving regional and national economies. Social dialogue “played a decisive role in the adaptation process towards the Maastricht convergence criteria”.<sup>14</sup> The EU has identified public-private dialogue as the first “key principle” of its Regional Innovation Strategies, aimed at improving the competitiveness of EU regions by enhancing businesses' ability to innovate.<sup>15</sup> The EU also requires a commitment to dialogue from applicant countries; in **Croatia**, for example, an EU Opinion has noted that “[b]usiness associations are consulted by the government, but further efforts are needed to institutionalize business advocacy and public-private dialogue.”<sup>16</sup> When considering its EU application, the **Czech Republic** identified public-private dialogue as the best way to “work out solutions for tackling the high costs to be incurred by operators in meeting the standards set out in the *acquis*” for road transport.<sup>17</sup>

There are compelling reasons to believe that a well-functioning competitiveness partnership should place a country in a better position to achieve improvements in investment, jobs and growth, and the World Bank has recognized the potential for dialogue to contribute to poverty reduction by incorporating input from Investor Councils recently set up in five African countries into its Poverty Reduction Strategy Papers.<sup>18</sup> But more data is needed to establish the extent and nature of the link.

### **1.4 – Good governance**

Competitiveness partnerships can improve the quality of governance – both public and corporate – in three ways: by setting an example; by shedding light on the workings of institutions; and by improving the quality of advice which the government receives from the private sector.

“The Bulldozer Initiative alerted politicians to the stimulating notion that they could win public support by embracing reform every bit as much as they could win public support by opposing reform.”

**Kevin Sullivan, Communication Specialist and Spokesperson, Office of the High Representative, Bosnia & Herzegovina**

<sup>13</sup> *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p20

<sup>14</sup> *Social Dialogue and EMU in the Candidate Countries: Estonia, Malta, Hungary, Poland and Slovenia* – European Foundation for the Improvement of Living and Working Conditions, 2003

<sup>15</sup> *Regional Innovation Strategies of the European Regional Development Fund – Innovative Actions 2000-2002* – European Commission DG Regional Policy, 2002, p8

<sup>16</sup> *Opinion on Croatia's Application for Membership of the European Union* – Commission of the European Communities, April 2004, p87

<sup>17</sup> <http://www.iru.org/EUenlargement/Czech.E.html>

<sup>18</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, June 2005.

### 1.4.1 – Setting an example

Competitiveness partnerships can set an example of transparency and dynamism in cultures where governance may traditionally be more opaque and slow-moving. **Bosnia's** Bulldozer Initiative adopted a policy of openness with the media about its dealings with governments, which led to journalists developing a taste for detailed and accurate information about the legislative process; building capacity among the local media has clear potential to translate into an improvement in the quality of governance. It also led to a gradual change in attitudes among local politicians, who came to see the potential for winning votes by advocating reforms and making themselves more accessible to the press.

### 1.4.2 – Shedding light on institutions

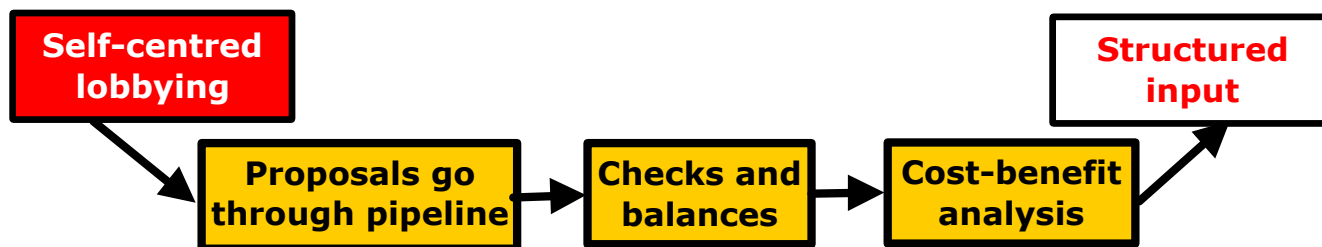
Competitiveness partnerships allow the private sector to monitor the government's performance more closely, and the view is often expressed that this creates valuable opportunities for exposing instances of corruption. The High Level Consultative Council in **Botswana** provides a "mechanism for monitoring public-sector performance", and private sector members of **Uganda's** National Forum felt it helped to "keep government honest".<sup>19</sup> In **Senegal**, the Presidential Investors' Council led to an act establishing a "corruption council".

The pressure of scrutiny can work both ways: businesspeople who take the opportunity of high-profile involvement in competitiveness partnerships to criticize the public sector for poor governance stand to lose more from exposure of their own poor governance practices. In **Mauritius**, more than 60 CEOs of the Joint Economic Council created and ratified the "Code of Conduct by Enterprises" in October 2001.<sup>20</sup> Regardless of the impact that such codes prove to have, the very fact that the issue of corporate governance is moved onto the public agenda is valuable.

There is even scope for international donor agencies to improve their performance under the pressure of scrutiny brought about by competitiveness partnerships which they sponsor or mediate: stakeholders can find the work of international donor agencies obscure, and competitiveness partnerships force those agencies to defend their policy preferences to the stakeholders affected by them.

### 1.4.3 – Improving private sector input into policy design

Without the structure provided by competitiveness partnerships, business advocacy can involve individual firms lobbying for reforms regardless of their impacts on other sectors. In **Bulgaria**, fertilizer producers successfully lobbied for 40% duty on imports of fertilizers, then increased prices with the result that farmers began to lobby for the duty's abolition.<sup>21</sup> Competitiveness partnerships establish a formal mechanism through which reform proposals must pass, allowing the ramifications of measures to be discussed before they are proposed to government, transforming self-centered lobbying into a more structured input and ideally nurturing in the private sector a more holistic view of the interests of the wider economy. When governments can be confident that the input they receive from the private sector is legitimate, in the sense that it reflects the well-considered advice of a broad spectrum of interests, there are clear potential gains for the quality of lawmaking.



Competitiveness partnerships establish a means for determining when a proposal is in the interest of the country as a whole. One of the reforms supported by the **Bosnia** Bulldozer committee was the removal of a tax on distributing free sales catalogues. Only one company operated in the sector, Neckermann d.o.o., and its

<sup>19</sup> Case Study on Structured Public-Private Sector Dialogue, *The Experience from Botswana* – Dr Anthony Land, May 2002, p12; *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p14

<sup>20</sup> <http://www.jec-mauritius.org>

<sup>21</sup> *Effectiveness of Public-Private Dialogue in Bulgaria* – Petya Mandova, Institute for Market Economics

lobbying against the tax had previously been seen as self-interested; the Bulldozer committee established that removing the tax would encourage new entrants into the Bosnian catalogue sales market, a fact which Neckermann welcomed as it believed it would gain more from growth of the sector than it would lose through competition. The structure of a competitiveness partnership made clear that an ostensibly self-seeking demand would, in fact, benefit both other businesses and many consumers.

There is evidence that competitiveness partnerships can succeed in nurturing more thoughtful input from businesses. Before the establishment of a Private Sector Forum Coordinating Bureau to clarify and oversee the activities of pre-existing working groups in **Cambodia**, “the issues raised reflected more the patronage structure of Cambodia and were more company specific rather than broadly representative of issues concerning the private sector”; the Coordinating Bureau has worked to create a climate of focus on broader issues.<sup>22</sup> Businesses in **Malaysia** initially used the competitiveness partnership to lobby for industry-specific benefits, but gradually came to realize that the government respected them more for taking a broader view and demonstrating commitment to helping the nation as a whole.<sup>23</sup>

Competitiveness partnerships structured by industry cluster (as opposed to by policy issue) can be especially effective in helping businesses to focus and rationalize their message to policymakers. An example is one of the **Bosnia** Bulldozer Initiative’s reforms, in which a group of eleven private land surveying and geodesy companies came together to propose the reform of a law which effectively gave a state entity a monopoly over allocating work. Other examples can be found in **Nigeria**, where the IFC has facilitated dialogues in two states based on a cluster approach. USAID has practiced the cluster approach more than any other agency and found it a valuable way to identify and challenge regulatory issues and reduce productivity losses. The World Bank, although not in a systematic way, has also included dialogue components to several of its “competitiveness clusters” projects, with for instance some success in the states of Chihuahua or Campeche in **Mexico** or in **El Salvador**.<sup>24</sup>

There is naturally a risk that competitiveness partnerships can be hijacked into disguising self-seeking lobbying as altruistic advocacy. This is a challenge addressed in part three.

### **1.5 – Trust, understanding and social cohesion**

An atmosphere of mutual trust and understanding between the public and private sectors facilitates reform efforts. Competitiveness partnerships can build trust and understanding simply by bringing people together on a regular basis and allowing them to get to know each other. A civil servant in **Malaysia** characterized the pre-competitiveness partnership situation thus: “Civil servants were not supposed to fraternize with business. As a result, they used to be completely isolated from real world issues. They would do all of their thinking and planning by reading books and going to libraries.”<sup>25</sup> While there are inherent risks in fostering closer ties between politicians and businessmen in countries without functioning democratic safeguards (discussed in 3.1 below), there is also clear potential for greater contact to result in a more smoothly functioning economy.

“This event was one of the most pragmatic and constructive exchanges the VBF has had in the past several years, and the continuing improvement of the quality of the conversation between the business community and the Government was impressive to all who have been involved in the VBF.”  
**Fred Burke on the Vietnam Business Forum, in the Australian Business Group of Vietnam Business E-Journal, July 2003.**

Competitiveness partnerships have had well-established success in improving relations between politicians and entrepreneurs. A study of the effects of dialogue in **Botswana** is typical in finding that “[m]ost respondents commented on the positive evolution of attitudes and relationships between the private sector and the government”.<sup>26</sup> In **Cambodia**, a “little acknowledged but important component of the PSF [Private Sector Forum] process has been the sharing of information and the clarification of government policy and planning. This has

<sup>22</sup> *Cambodia: Coordinating Bureau of the Private Sector Forum (Supported by International Finance Corporation, Australian Agency for International Development) Progress Report January 2002 - January 2004* – James Brew, March 2004, p10

<sup>23</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p33

<sup>24</sup> Sonia Plaza, Senior Corporate Strategy Officer, World Bank, correspondence, June 2005

<sup>25</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p16

<sup>26</sup> *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002, p11



little to do with removing actual constraints but it does allow the private sector an opportunity to better understand the changes in the environment that they are operating in. Relationships both within the private sector and between the private sector and the government had been strained in Cambodia, but with PSF working groups reaching out to about 500-1000 small businesses each, there is a gradual change in atmosphere. This shows in a number of ways, such as the government's new commitment to a "national war on corruption".<sup>27</sup>

"The government is aware that business people have become a pioneering force in boosting the nation's economic development and international integration. I hope that Entrepreneurs' Day will help change society's ill will and discrimination toward the business community."

**Phan Van Khai, Prime Minister of Vietnam, quoted in Vietnam Style, October 20<sup>th</sup>, 2004.**

An important way in which competitiveness partnerships can bring about improved trust is by changing the image of private sector actors in society. In **Bosnia**, the Bulldozer Initiative succeeded in shifting the perceptions of a public which had previously tended to regard entrepreneurs as parasitic, and instead resulted in them being seen as having a valuable contribution to make to society. The **Vietnam** Business Forum has also been instrumental in changing public perceptions of businesspeople. Despite their

important role in society, Vietnamese entrepreneurs still have an image problem: "In Vietnam's films and novels, they are often portrayed as untrustworthy, unreliable, greedy, short-sighted, and lacking professional education and experience.... the public thinks of private businessmen as opportunistic people who will do anything – including exploitation – just to make a profit, a view that many government officials believe stems from Communist ideology."<sup>28</sup> Vietnam's government designated October 13<sup>th</sup> 2004 as "Entrepreneurs' Day" to raise public awareness of the business community's positive role in building the country.

Changing perceptions and increasing trust can have benefits broader than improving the investment climate. The Bulldozer Initiative was instrumental in building civic society in **Bosnia**, getting the country's seven parliaments to work in unison for the first time. There is increasing recognition of the potential for competitiveness partnerships to assist in post-conflict situations by focusing attention on an issue which cuts across many ethnic, religious and political divides: creating the climate for grassroots entrepreneurs to generate wealth. A partnership modeled on the Bulldozer initiative is being set up in **Kosovo**.<sup>29</sup> **East Timor** has been suggested as another ideal candidate for a competitiveness partnership to build civic society, after "centuries of colonialism and decades of foreign occupation, during which all positions of responsibility or of higher remuneration were held by expatriates"; the combination of low levels of technical and administrative skills in both government and business, and the opportunity of oil revenues, suggest that public-private dialogue can play a significant role in bringing people together.<sup>30</sup> Keen to promote such an agenda, the World Bank is currently helping set up a public private dialogue and an initial plenary session should inaugurate the **East Timor** initiative in the coming months<sup>31</sup>. With a similar aim, the OECD held a seminar on public-private partnership in the **Democratic Republic of Congo** in Kinshasa in April 2003, which has led to the formation of an exploratory follow-up committee.<sup>32</sup> In **Sudan**, the World Bank is sponsoring a series of dialogues over a 12-month period to discuss the role of the private sector in reconstruction and development<sup>33</sup>. Aimed at promoting the investment climate agenda and at tackling issues related to trade and development, such initiative may also contribute to the emergence of consensual policy decisions between the north and the south, hence help sustain a very fragile peace. In neighboring **Chad**, the IFC is sponsoring the creation of a business forum, through which business enabling environment constraints could be identified, solutions could be suggested and reform implementation could be monitored<sup>34</sup>. Still in design at the time of writing, this business forum, through a bi-partisan, business-centric and dialogue-oriented approach to potentially contentious issues, could contribute to increase the stability of this relatively fragile state.

<sup>27</sup> James Brew, Operation Officer, IFC, questionnaire.

<sup>28</sup> Vietnam Style, <http://www.vn-style.com/viewDetails.asp?catId=4&PostId=19312>

<sup>29</sup> Kosovo Collective Reform Initiative Advocacy Mechanism Final Report – SEGURA/IP3 Partners, USAID Mission for Kosovo

<sup>30</sup> *Public-Private Partnerships for Development* – Jorge Braga de Macedo, José Braz and Francisco Mantero, March 2003

<sup>31</sup> Wilfrid Bernard Drum, Lead Private Sector Development Specialist, World Bank, correspondence, April 2005.

<sup>32</sup> *Peer Review and Public Private Partnership in Developing Countries* – Jorge Braga de Macedo, December 2003

<sup>33</sup> *Private Sector Development in Sudan's Post-Conflict Recovery*, Magdi Amin, World Bank, PSD in Post Conflict Workshop, June 2005.

<sup>34</sup> *Establishment of a Public-Private Dialogue Forum in Chad*, James Emery, IFC, Project proposal, June 2005.

## PART TWO: Options & Advice

Part Two considers six key factors in setting up and running a competitiveness partnership: ignition, organizing participation, structure, setting and reaching goals, the role of donors, and communications strategy. Drawing on the experiences of competitiveness partnerships across the world, this part of the paper illustrates different approaches to structuring public-private dialogue and seeks to identify successful strategies that seem likely to be replicable. When the authors have considered it useful to extrapolate from relatively limited and/or recent experience more liberally than would normally be justifiable in a paper of this nature, they have separated and labeled that advice accordingly.

A summary matrix and a checklist of issues to consider while building or maintaining a partnership is presented to practitioners in Annex II.

### **2.1 – Ignition**

This section identifies the factors that often help to get a competitiveness partnership started: political will, credibility, an institutional vacuum, and a sense of urgency or crisis. It concludes by illustrating how competitiveness partnerships can be conceived in four dimensions: the relative strength of government, the private sector, donor involvement and logistical facilities.

#### **2.1.1 – Political will matters more than legal status**

Successful competitiveness partnerships have been started because business lobbies for dialogue, because government initiates dialogue or because international donors bring the parties together. It can be difficult to disentangle these factors: in **Bosnia**, the initial impetus for the Bulldozer Initiative was “top-down” in that the international community organized outreach to grassroots entrepreneurs and lobbied the government to implement the reforms proposed, but the process was designed to be “bottom-up” in that the ideas and political pressure for reforms came from the core constituents rather than international donors. Sometimes the involvement of a particular individual is needed: in **Nigeria**, the Better Business Initiative arose from the personal input of Pr. Charles Soludo, an academic highly respected in both business and government circles.

Whether the initial impetus comes from the private or public sector, international donors or a respected individual, the most critical factor seems to be the willingness of government to engage in dialogue and commit to the reform process. The business community will rarely turn down a genuine offer of consultation, and competitiveness partnerships can succeed without the involvement of donors. But when government commitment to dialogue is less than whole-hearted, little seems possible – an illustrative example is **Zimbabwe** in the late 1990s, when the consultation mechanisms set up in response to private sector lobbying broke down amid a widespread perception that they were too tightly politically controlled.<sup>35</sup>

It seems to be relatively unimportant what legal footing the competitiveness partnership takes. A report by the European Trade Union Confederation finds no discernible difference between three-way dialogue (between government, unions and business) conducted under a legislative umbrella or by means of less formal agreements: “**Slovakia** has a law on tripartism (since 1999), whereas tripartism in the **Czech Republic** is based on an agreement concluded between the government and the social partners. This does not prevent the tripartite arrangements in these two countries from being virtually identical and social dialogue there has been operating relatively well for some time. The recent improvement in tripartite practice in Slovakia and the Czech Republic has resulted above all from the change of government attitude in this particular area.”<sup>36</sup>

#### **2.1.2 – Creating and adapting institutions**

Competitiveness partnerships often arise from an institutional vacuum created by the obvious failure of an existing consultation mechanism. In **Bosnia**, the Social Economic Council was a broad-based consultation mechanism which lacked adequate funding or commitment, creating a vacuum which the Bulldozer Initiative was able to fill. Or an existing mechanism may have become diverted or captured, as happened to **Nigeria's** National

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<sup>35</sup> *Participation, Consultation and Economic Reform in Africa* – USAID, October 2001

<sup>36</sup> *Social Dialogue in European Union Candidate Countries* – European Trade Union Confederation, September 2001 – <http://www.euractiv.com/Article?tcaturi=tcm:29-117167-16&type=Analysis>

Economic Summit Group, which gradually moved away from representing SMEs and led to entrepreneur frustration which has recently found an outlet in the Better Business Initiative.

Often institutions such as Chambers of Commerce exist but fail to perform to their full potential; in several of the African countries in which the World Bank has recently helped to set up Investors Councils, Chambers of Commerce were characterized by “fragmentation, membership apathy and resource problems”.<sup>37</sup> This can present both an opportunity and a threat: in **Mali**, the Chambers have been brought onto the Investors Council to represent the interests of local companies. In **Bosnia**, the Chambers were initially hostile to the Bulldozer Initiative as they saw it as their prerogative to represent business interests – not least because one of the more popular Bulldozer reforms was an end to compulsory Chamber membership fees. Ultimately, though, the Chambers came to see the Initiative not as a threat but as an opportunity to reinvigorate themselves.

The obvious success of a consultation mechanism that is limited in scope may also make clear that there is an institutional vacuum to be filled. An agency to promote foreign investment which dialogues well with foreign investors may gradually lead to a common realization that local investors face the same problems and should also have a forum. The government representative on the **Vietnam** Business Forum came to the role from a position as head of the foreign investment promotion agency.

Competitiveness partnerships generally function more effectively when care is taken to build on existing institutions (the consequences of institutional duplication are discussed in 3.6 below). Sometimes, as with **Cambodia's** Private Sector Forum, there are no existing institutions; in such circumstances, a good way to get started is for a sponsor to conduct field research identifying issues for local entrepreneurs and then hold a forum for public and private sector leaders. This approach has been followed with success in the World Bank's efforts to bring public-private dialogue to regional levels of government in **Indonesia**: “The focus groups and interviews followed by preparation of an issues paper and selection of speakers, who later addressed the main issues on the day of the forum itself, proved very effective.”<sup>38</sup>

### 2.1.3 – Establishing credibility

Especially when there is a history of antagonism between the government and business community, it is important to establish credibility at an early stage. Several attempts to initiate dialogue in **Ghana** during the administration of General Jerry Rawlings failed because of a pervasive “atmosphere of rancor and mistrust... government and business representatives traded accusations of the other side's lack of seriousness”.<sup>39</sup>

In such cases the government should try to build credibility little by little, perhaps by making highly visible commitments which can be verified in a short period of time. In **Mexico**, the pacts between government and representatives of business and labor designed to tackle the economic crisis of the mid-1980s featured agreements that endured for short amounts of time, as little as one month; this enabled the government to demonstrate commitment and build credibility for longer-term promises.<sup>40</sup> In **Malaysia**, the government established credibility through early reforms including the dismissal of incompetent Malay managers of state-owned enterprise, assuaging the Chinese business community's perceptions of ethnic favoritism.<sup>41</sup> In **Bosnia**, many entrepreneurs waited for the government to enact the first batch of 50 proposed reforms before engaging in a second phase of the initiative.

The early and high-profile involvement of highly-regarded individuals in the business community can also be critical in building credibility among fellow entrepreneurs. Mary Agboli, who worked for the International Finance Corporation on the Abia and Anambra State Implementation Committees in **Nigeria**, emphasizes the importance of local champions: “Early identification of key players in both the public and private sector who are willing and can devote their own non-financial resources to get both sides around the table has been very useful. From my

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<sup>37</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>38</sup> *City of Balikpapan Report on a Regional Private Sector Forum* - Bernard Drum, Megawati Sulisty and Haryunani Kumololoras, World Bank, June 2002

<sup>39</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (university of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999, p29

<sup>40</sup> *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p45

<sup>41</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p15

experience, these individuals are usually people who have significant influence on both sides and can not only get the actors to sit down and talk to each other but also can push identified reforms.”<sup>42</sup>

#### 2.1.4 – Urgency, crisis and imaginary deadlines

While political and economic stability increase the chances of a partnership succeeding in the long run, a sense of urgency or crisis may help to start the process. In **Mexico**, it was an economic crisis which provided the impetus for the 1980s pacts between the government, business and labor. A specific problem can serve the same purpose: in the **Netherlands**, a dispute between importers of cut flowers caused by a new EU regulation led to the establishment of a dialogue group between the public sector, represented by the Plant Protection Service, and private companies, represented by the Horticulture Commodity Board.<sup>43</sup>

Competitiveness partnerships may be hard to initiate without a crisis because of the “free rider” problem: if businesspeople will benefit from improvements in the business climate brought about by consultation whether or not they personally engage in it, there will be a natural temptation to leave it to others to expend the time and energy required to participate in dialogue. A sense that there is an urgent need to solve a problem may help to overcome this difficulty, and the **Mexico** pact process illustrates the relative difficulty of moving forward without a sense of urgency: when the talks centered on inflation, progress was achieved relatively quickly because all sides recognized it was an urgent problem; when they attempted to tackle productivity, the problem was perceived as less urgent and the discussions made less progress.<sup>44</sup>

The imposition of an arbitrary deadline can help to ignite a competitiveness partnership. The Mexican pact talks were held on Friday nights and the participants were forbidden to leave the building until an agreement on a particular topic had been reached, which usually happened on Saturday mornings.<sup>45</sup> Similarly, by publicly committing to the aim of passing “50 economic reforms in 150 days”, the Bulldozer Initiative in **Bosnia** captured the imagination of frustrated entrepreneurs and created a sense of urgency and momentum. The deadline also served to assure entrepreneurs that their risk in terms of time commitment was limited, as failure or success would be determined in a specified period of time.

#### 2.1.4 – Four Dimensions

Competitiveness partnerships can usefully be conceived of in four dimensions:

- **Government:** the public sector must display sufficient capacity, political will and leadership to engage.
- **Business:** the private sector needs to be organized, have leadership and feel a basic sense of security in speaking out to government without fear of being penalized.
- **Sponsor:** a champion acting as sponsor needs credibility, expertise and the ability to get media attention.
- **Instruments:** logistical facilities and seed funds.

Mapping the relative strength and weakness of these four dimensions can help to identify the potential for success in a competitiveness partnership, and the vulnerable points that need to be addressed; the graphs below show the four axes going from weak at the center to strong on the exterior.

Experience suggests that weakness in one area can be compensated for by strength in another – for instance, lack of organization in the private sector can be overcome by an energetic donor and/or strong instruments. As shown by the diagrams below, in **Bosnia**, the Bulldozer Initiative faced weakness in the government dimension but was able to overcome this with exceptionally strong support from sponsors and with adequate strength of instruments and enough support from the private sector. By contrast in **Turkey**, the Reform Program for the Improvement of the Investment Environment derives much less strength from sponsors, the World Bank rather playing the role of a partner, but thrives because of strong commitment from the government and a vibrant and well-organized private sector. The **Vietnam** Business Forum provides an example of a process that has, over the years, become well balanced between the four dimensions.

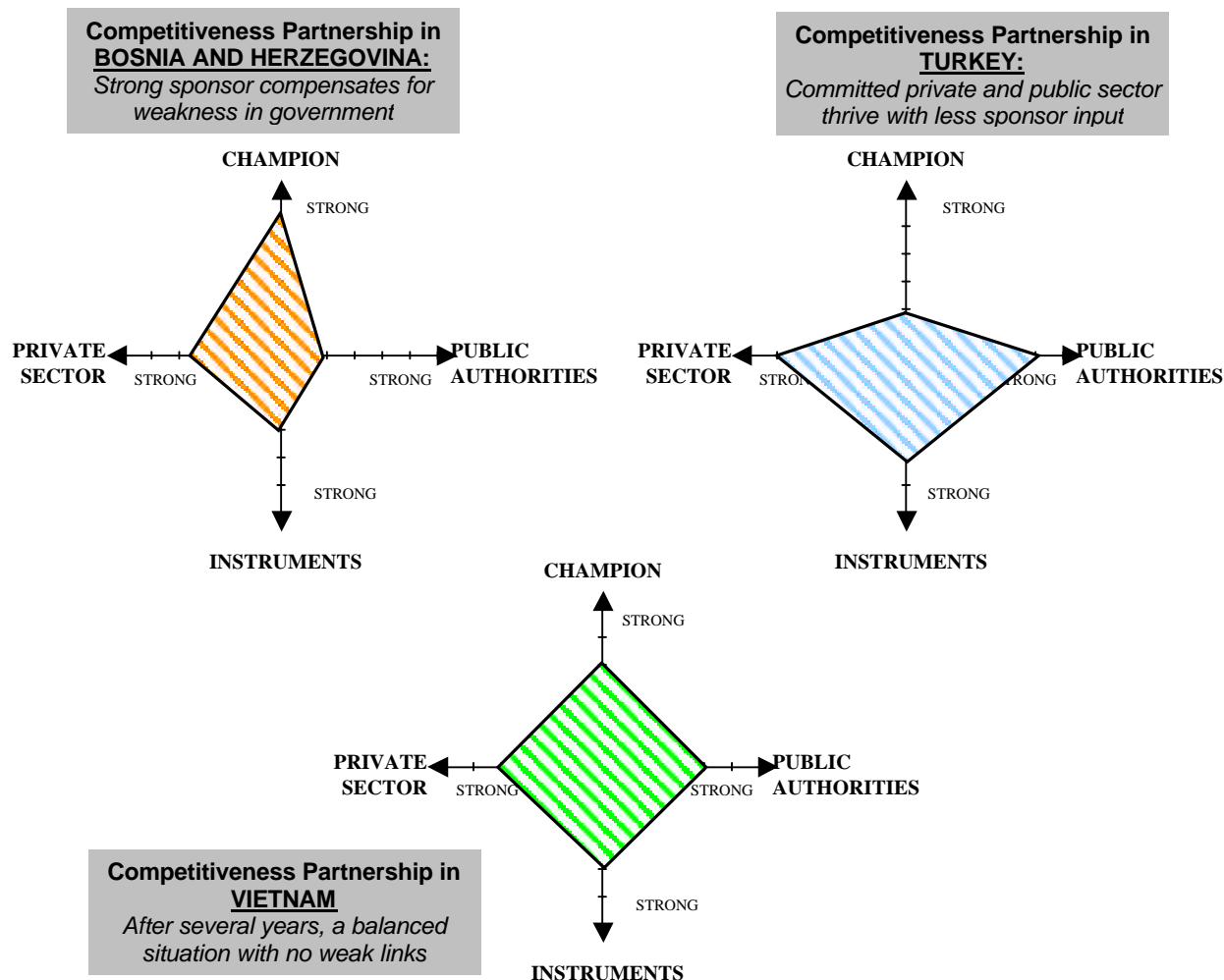
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<sup>42</sup>Mary Agboli, Business Enabling Environment Specialist, IFC, questionnaire

<sup>43</sup>*Institutional opportunities for Thai-Dutch co-operation to comply with food safety and pesticide regulations* – J.S. Buurma, Wageningen University and Research Centre, September 2003

<sup>44</sup>*Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p14

<sup>45</sup>*Ibid.*, p12



## 2.2 – Organizing participation

Selection of participants is vital to a competitiveness partnership's success. This section discusses the trade-off between small-group cohesiveness and broad-group representativeness, the ideal characteristics of participants, the importance of high-level support and the question of whether discussions should be limited to businesses and government or include labor unions and civil society groups.

### 2.2.1 – Size of group

Common sense suggests a trade-off which is apparent in practice: small groups are easier to organize and more effective at decision-making, but at the cost of legitimacy if the participants are seen to be unrepresentative of the business community as a whole; while larger groups are more cumbersome and involve more difficulty in maintaining focus, but key stakeholders are less likely to feel excluded. A balance must be struck but “attaining an optimal composition is an extremely difficult matter”.<sup>46</sup> An example of overly broad public sector representation was **Nigeria's** National Council on Industrial Development, in which “the inclusion of all relevant institutions at federal and state levels, created a situation where the NCID was overwhelmed with public officials”.<sup>47</sup>

#### OUR ADVICE

##### Keep membership manageable and include intermediaries

The plenary group should contain no more than 20 participants and should include intermediaries such as business associations whenever possible, the aim being to reach out to thousands of businesses without making meetings unwieldy.

<sup>46</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999

An example of private sector membership being seen as too narrow and homogenous is provided by the World Bank's Investor Councils in Africa. A significant percentage of the private sector representatives are neither resident nor hold investments in the countries involved, and local companies have expressed the view that their interests are under-represented.<sup>48</sup> In **Ghana**, for example, SMEs in general have only one representative organization on the Investment Advisory Council while the Lebanese and Indian entrepreneur community, though making a substantial contribution to the Ghanaian economy, have no involvement.

## 2.2.2 – Selection of participants

Some general rules can be identified: participants should ideally be widely respected, dynamic, open-minded and unafraid to speak their minds. A study of public private dialogue for DFID finds that the best private sector “champions” for dialogue “have a wide appreciation of business concerns, both by sector and by scale, and a strong reputation across government as an honest broker;” DFID has experienced success with such champions being motivated individual entrepreneurs, as in the DFID-sponsored Better Regulation Project in **Uganda**, or elected leaders of a formally-constituted association.<sup>49</sup>

Experience suggests that consultative mechanisms that have a voluntary element have a greater chance of success, as voluntary membership implies a commitment from the participants that goes beyond the obligations deriving from financial compensation. The motivation of business advocates varies: benefits such as peer recognition, media exposure or business networking are often factors they take into account. But as a general rule, advocates with a genuine primary commitment to improve the business environment of their country, or to improve civil society at large, will produce better results. An effort to involve both the old and young among politicians, businesses and representative organizations can help to create a dynamic mix of ambition and experience.

The Investors Councils set up in five African countries by the World Bank demonstrate the importance of involving committed individuals: the participation of multinational corporations which do not have a presence in a country is an experiment which has generated negative feedback, not least because many did not attend regularly: a study of the initial years of the Councils' operations recommends that “[n]on-resident and non-invested members should be included only exceptionally”, and that membership should be reviewed frequently to ensure that members who do not show sufficient commitment can be replaced.<sup>50</sup>

### OUR ADVICE

#### Reach out to women and minorities

Involving minority communities is crucial, as is the participation of women, and the organizer must reach out if few come forward. Highly visible female participation sets an example and helps create a more favourable public image.

A World Bank study of Public-Private Partnerships in 2001 emphasized the need to look for companies to include which have a good record of corporate social responsibility, allow labor unions and are environmentally responsible.<sup>51</sup> It is necessary to make sure that no good candidates are excluded, and that no unfair advantage is gained from inclusion; it is natural that companies may see the potential for business opportunities to arise from access to government and donor officials, so the criteria for membership should be written and publicly available, allowing all potential partners to express their interest in participating.

## 2.2.3 – Top-level government involvement

Government representation must be at the highest possible level for the partnership to have credibility: a consistent feature of competitiveness partnerships is the correlation between the progress achieved and the seniority of government figures involved. The **Ghana** Investment Advisory Council provides an example of the difference that top-level enthusiasm can make: “During the first 18 months, the President sought to delegate certain Council leadership responsibilities... Confidence and progress remained uncertain. Greater personal

<sup>47</sup> *Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria* – UNIDO, April 2002, p10

<sup>48</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>49</sup> *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue* – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005

<sup>50</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>51</sup> *Business-Government Consultative Mechanisms* – Agata E Pawlowska, May 2001

attention by the President including full involvement in Council meetings and a new Secretariat have been critical in dynamizing the Council and driving important policy reforms.”<sup>52</sup>

It is also important to have continuity in which public officials attend meetings – **Nigeria’s** NCID suffered because “each meeting was attended by different public officials so there was no continuity in membership”.<sup>53</sup> In **Bosnia**, this was resolved by asking the government to name specific counterparts to the Bulldozer Committee in each jurisdiction: each prime minister nominated a coordinator within their cabinet, hence relieving themselves from the daily dealings with the advocacy group but still ensuring support from the highest instance when messages needed to be re-routed to specific ministries.

When local layers of government are involved in decision-making or in implementing decisions reached by central government, they should ideally also be included in the partnership process.

#### 2.2.4 – Unions, academics and NGOs

An important and difficult question is whether the partnership should be restricted to government and business or also seek to include other stakeholders such as labor unions, academics, NGOs or consumer and environmental groups. In **Mexico** “the inclusion of the labor community in the Pacts made them somewhat more inclusive of civil society than is the case with the government-business consultative mechanism structure commonly observed in developing nations in the contemporary period”.<sup>54</sup> Labor is strongly represented alongside business in **South Africa’s** National Economic Development and Labor Council (NEDLAC), which also “mandates the participation of broader civil society interests (e.g., youth, disabled persons, and rural organizations) in one of its four chambers”.<sup>55</sup> **Senegal’s** Growth and Competitiveness Review Group, set up with World Bank support in the early 1990s and now part of the Investment Promotion and Major Projects Agency, APIX, drew participants from business both large and small and formal and informal, plus labor unions, universities and the media, and was widely regarded as a success.<sup>56</sup>

In **Malaysia**, two parallel routes have been followed: with the Malaysian Business Council, “Labor has been left out of the arrangement and the participation of NGOs, academics and others has been peripheral”, whereas the Ministry of Finance’s pre-budget consultation process has expanded to include academics, research institutes, social groups and NGOs.<sup>57</sup> “Exclusion or illegitimate representation of important constituencies, such as organized labor, can lead to poor policy design and lack of support for proposed policies”; it has been suggested that the relatively narrow composition of the Malaysian Business Council hampered its ability to get to grips with vested interests.<sup>58</sup>

Sometimes representation can start off narrow and broaden when the time is right. Unions were not involved in the first phase of **Bosnia’s** Bulldozer initiative because it was deemed important for the private sector to build its own legitimacy first, having suffered from an unwarranted image problem under socialism. In the second phase unions were invited to participate, and although their participation proved largely passive it was a valuable step in promoting a collaborative rather than confrontational approach. In the third phase, the structure of dialogue was reformed and unions’ involvement expanded. The phased approach proved successful: reaching out to include other participants was done at the right moment, and their participation was ensured by finding an appropriate forum in which they felt more comfortable to dialogue actively.

A similar approach is being pursued by the Private Sector Forum in **Cambodia**, where trust levels were so low that getting the private sector talking to the government and to each other was sufficiently demanding that any attempt to include other stakeholders at an early stage would have been too ambitious; once the principle of dialogue has been established between businesses and government, it should become easier to contemplate bringing other actors into the equation.

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<sup>52</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>53</sup> *Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria* – UNIDO, April 2002, p14

<sup>54</sup> *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p24

<sup>55</sup> *Participation, Consultation and Economic Reform in Africa* – USAID, October 2001, p16

<sup>56</sup> *Business-Government Consultative Mechanisms* – Agata E Pawlowska, May 2001

<sup>57</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, pp14, 21

<sup>58</sup> *Public/Private Consultation Partnerships* – Mark Dorfman and Agata E Pawlowska, World Bank

But maintaining balance overtime between the interests of the private sector and labor actors is a delicate task. In the 1990's in **Chile**, after democracy was reinstated, the first administration brokered the Tripartite Framework Agreements between labor, business and the government, which translated into number successful policies. However, the businesspeople pulled out when they perceived the issues to be irrelevant to their immediate interest. During the following administration, Álvaro García, Former Minister of the Economy recalls that “a broader effort was made, though more focused on economic development, and again some actors (organized labor, this time) desisted from genuine participation in the meetings, because they felt that their concerns were not being adequately addressed.”<sup>59</sup>

Finally, many European Union candidate countries have adopted forms of tripartite consultation involving trades unions as well as government and the private sector, and some have gone beyond this model to include civil society groups. **Hungary** has several national-level institutions for dialogue – the Economic Council brings together government, labor, employers and business associations, while the Social Council includes the voices of NGOs.<sup>60</sup> When creating the Malta Council for Economic and Social Development in 2001, **Malta** also set up a Civil Society Committee, consisting of the chairpersons of civil society organizations, to represent civil society.<sup>61</sup> The **Bulgarian** Competitiveness Initiative recommended the setting up of a National Competitiveness Council which would be a “non-partisan body, composed of leaders from the public, private, academic and labor sectors”.<sup>62</sup>

### **2.3 – Structure**

There are many possible structures for competitiveness partnerships, and as with choosing participants there are common-sense balances to be struck: if meetings are too frequent then participants can feel overburdened, but excessive infrequency risks inactivity; if the remit is targeted too narrowly it risks getting priorities wrong, if too broad it risks an inability to prioritize at all. This section looks at those trade-offs, identifies some key features of successful competitiveness partnerships – notably a well-funded secretariat with working groups – and suggests strategies such as mapping the structure of competitiveness partnerships to government, paying close attention to small logistical details and considering the establishment of regional and local fora.

#### **2.3.1 – Looseness vs. rigidity**

Relatively informal mechanisms can be good for tackling specific problems but lack sustainability, whereas more formal structures may have greater longevity but less dynamism. The **Ugandan** experience suggests that informal, ad hoc mechanisms can be most effective in the short-term, but participants become frustrated at their lack of power.<sup>63</sup> The Bulldozer experience in **Bosnia** shows how a partnership can evolve from a relatively free-wheeling form in its first phase into a more structured entity as it gains credibility.

The risk inherent in loose structures is disorganization and lack of credibility – in **Bulgaria**, the government would decide who to consult on a case-by-case basis, leading to resentment from those who felt arbitrarily left out; “private parties do not find the form of dialogue to be effective”.<sup>64</sup> The risk of rigid structures is lack of dynamism: **Nigeria's** Competitiveness Forum Working Group tended to get bogged down in obscure protocol and complicated committee structures (see diagram below); it is hoped that the recent reform of the CFWG into the Better Business Initiative will inject more fluidity.

#### **2.3.2 – Secretariats and working groups**

A common feature of partnerships that work well is an effective secretariat. The secretariat can be hosted within any of the participating members – an NGO, government ministry, international organization, company or business association – or it can be free-standing, with funding from one or more of the participants. In **Senegal** and **Uganda**, the secretariats of the Investors Councils are located in an investment promotion agency, which is

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<sup>59</sup> *National Visions Matter: Lessons of Success*; Proceedings of a Public-Private Sector Development Forum, Santiago, Chile, July 25-27, 2004, The World Bank

<sup>60</sup> *Social Dialogue in Central and Eastern European countries: trends, issues and challenges* – Giuseppe Casale, International Labour Office, December 2002

<sup>61</sup> <http://www.opm.gov.mt/mcesd.htm>

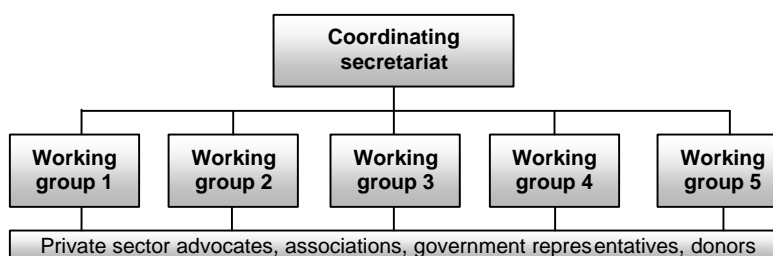
<sup>62</sup> <http://www.cipe.org/pdf/whatsnew/events/budaconf/bulgaria.pdf>

<sup>63</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, pp21-24

<sup>64</sup> *Effectiveness of Public-Private Dialogue in Bulgaria* – Petya Mandova, Institute for Market Economics



a model that seems to work well.<sup>65</sup> It needs to have dedicated people to organize meetings, set agendas, rally members, manage communication and outreach and be a point of contact for others who want to join.



Working groups are also a common feature of successful competitiveness partnerships (see schematized figure above). Usually they meet more frequently than plenary groups to consider a particular issue and they have a head who deals with other working groups and the secretariat, by which they are coordinated and supervised. They can be effectively be arranged by industry cluster (such as agriculture, tourism or manufacturing), by policy issue (such as deregulation, infrastructure or labor) or by region, grouping all the members from one geographical location.

A survey of advisors working in dialogue for DFID found a consensus that “sectoral dialogue is the most effective in producing results.”<sup>66</sup> In **Japan**, deliberation councils are structured both according to topic and industry. **Turkey** and **Vietnam**, both considered to be successful role models, organize their working groups by sectors. In **Bosnia**, the organization of the Bulldozer’s working groups was geographical.

Geographical grouping has the advantage that members from the same regions can meet more frequently, network more effectively, and present a single voice to local authorities and constituents. Regional working groups also reduce the risk of particular regions being under-represented in sector- or issue-oriented groups, undermining their legitimacy. But for making policy proposals, working groups organized by sector or issue are more effective as they can gather all the relevant technical expertise in one place.

### OUR ADVICE

**Competitiveness partnerships need dynamic coordinators.** They must:

- Be skilled at communication and negotiation.
- Understand investment climate issues and legal technicalities.
- Be very entrepreneurial in approach.
- Be equally comfortable talking to prime ministers and micro-entrepreneurs.
- Have strong project management skills.
- Be credible enough to convince people to participate (sometimes a foreigner who lacks baggage with locals can be a good choice).

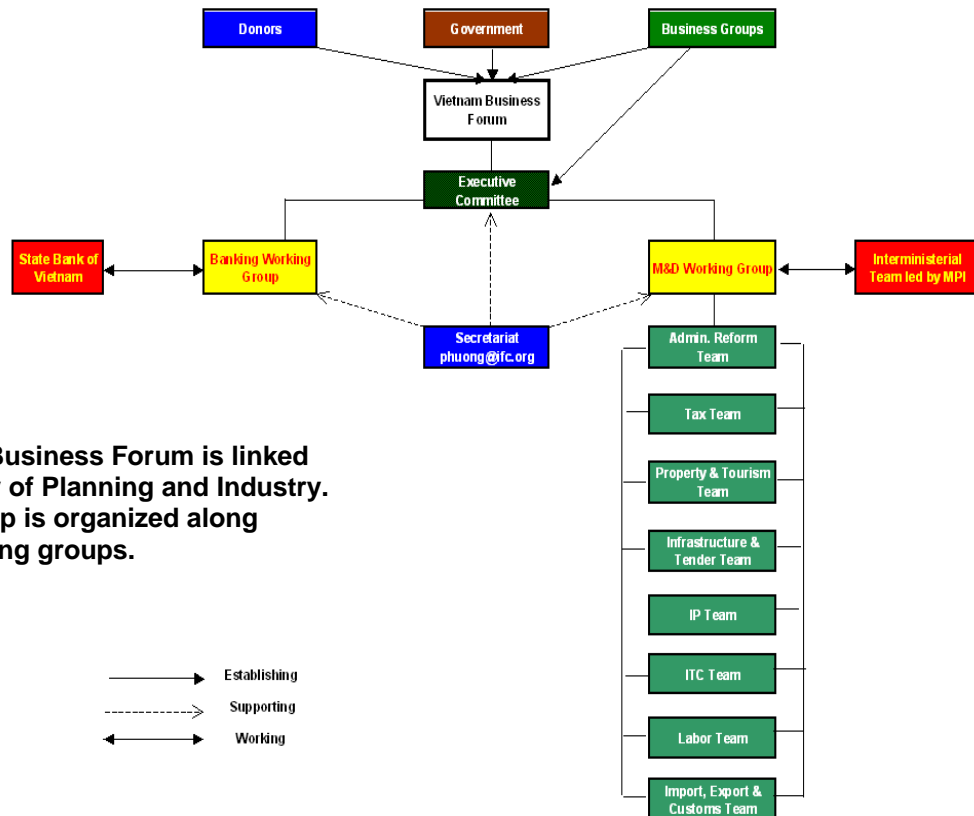
### 2.3.3 – The rhythm of meetings

A further common-sense trade-off is that frequent meetings may place too high a burden on busy professionals unless results are quickly apparent, while infrequent meetings may not be able to achieve results at all. The most successful competitiveness partnerships are characterized by plenary meetings which are regular but not too frequent; three month intervals seems to be a good guideline (working groups should be able to sustain more intense activity). Preparatory work between meetings minimizes the risk of those meetings being seen as an energy-sapping waste of time. In **Bosnia**, while the plenary sessions of the Bulldozer Committee would run for five hours non stop, the two or three months between meetings were times of intense preparation which allowed participants to review and resolve many concrete issues during the course of each meeting. Heads of working groups could go back to their members with news on the fate of specific proposals and a meaningful update on overall progress, maintaining the sense of momentum.

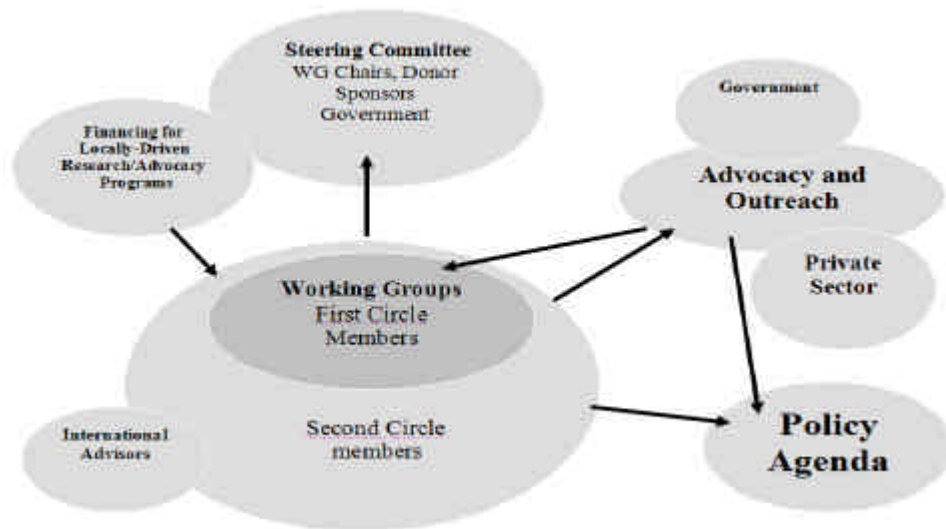
Planning is critical. A competitiveness partnership has more chance to succeed if a detailed timetable is agreed upon well in advance by the participants, detailing when each working group should deliver their input, when plenary meetings will take place, and when other events such as press conferences will take place. Clear timetables not only enable the participants to plan their time in advance; when communicated publicly, they also help to create internal pressure on the participants to meet their own deadlines.

<sup>65</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

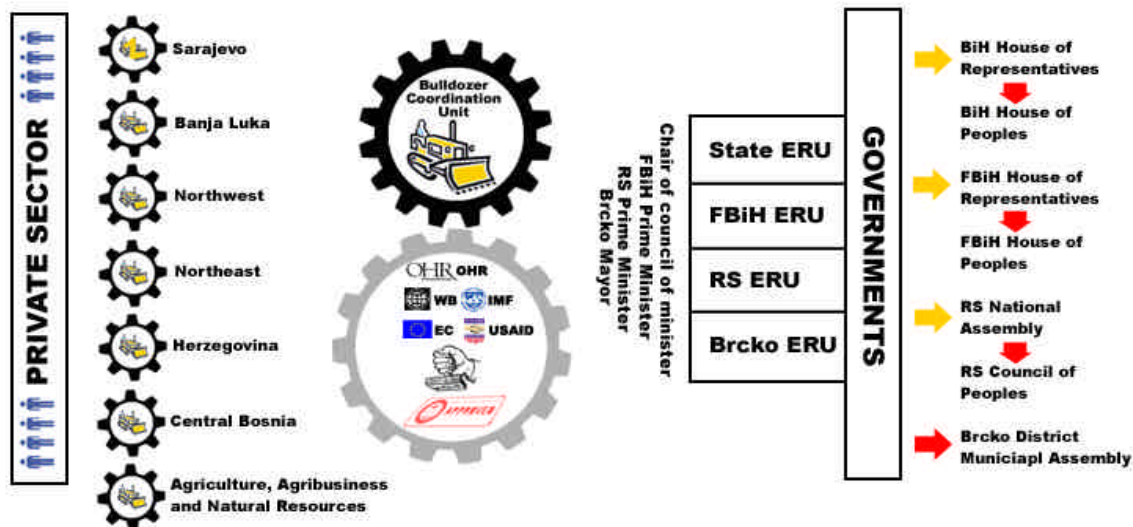
<sup>66</sup> *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue* – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005



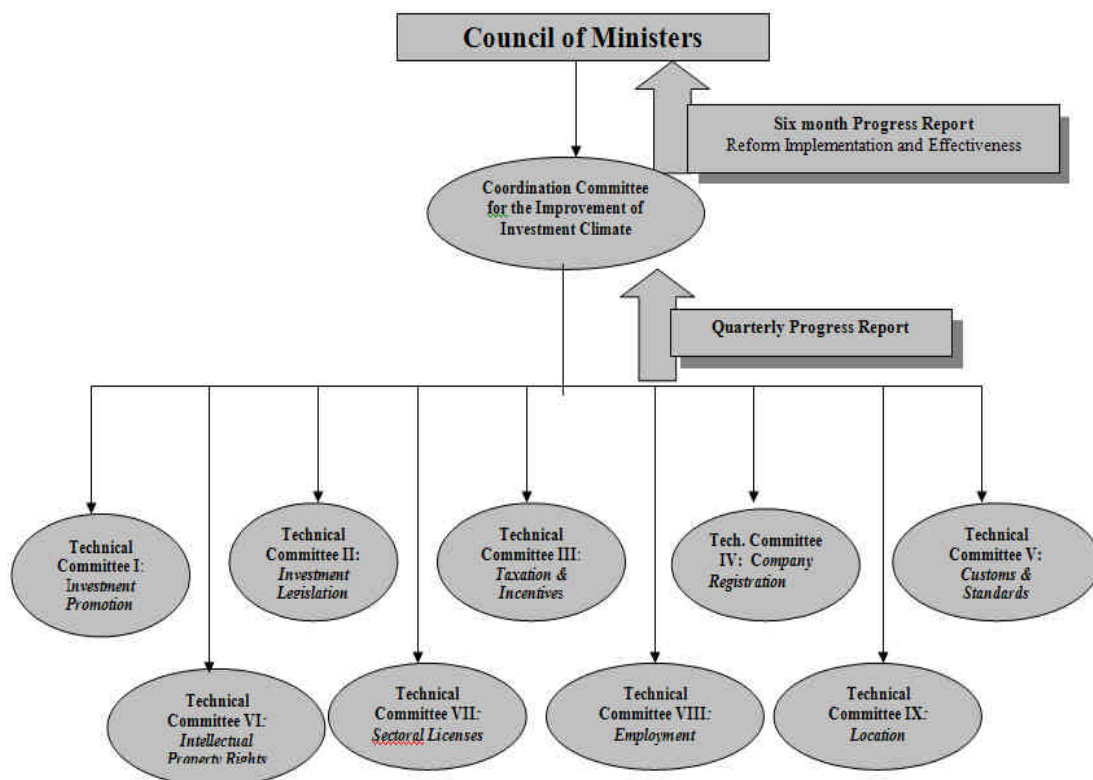
The Vietnam Business Forum is linked to the Ministry of Planning and Industry. Its membership is organized along sectoral working groups.



Before being simplified into the Better Business Initiative, the Nigerian “Competitiveness Working Group” had a structure that could lead to confusion. “First Circle” members interacted with “Second Circle” ones, while being coordinated by “Working Group Chairs” and a “Committee of Sponsor”. The multiplication of acronyms and floating groups can create accountability issues.



In the Bulldozer Initiative in Bosnia and Herzegovina, the private sector is organized in regional committees that partner with Emergency Reform Units for each government jurisdictions. A Coordination unit monitors and regulates the process, while being the point of contact with the international organizations.



In Turkey, the YOIUK is directly linked to the Council of Ministers. A simple but efficient structure allows for equal treatment between different “Technical Committees” that mostly map the existing structure of the ministerial administration, allowing the leverage of energies within the administration to implement the priorities identified in working groups.

### 2.3.4 – Logistical details

Seemingly minor logistical details must not be overlooked. In **Cambodia**, it was found that arranging the meetings at lunchtimes and in the evening, and providing refreshments, made busy businesspeople more likely to make the time to attend.<sup>67</sup> In **Ghana**, a simple lack of forward planning seriously hindered one partnership's effectiveness: "Often, the invitations to [Private Sector Roundtable] meetings would arrive only the day before the meeting itself, or the invitation to join a trade delegation would not allow sufficient time to reorganize a busy work schedule".<sup>68</sup> In **Bolivia**, the credibility of the National Dialogue was undermined by poor logistics: "As they had received the invitation to the Dialogue workshop only three weeks before the event, and the background documents even later, many [Civil Society Organizations] felt disadvantaged in their capacity to participate. The short preparation time made it impossible to consult their own counterparts and constituencies, and as a result, some chose not to participate at all."<sup>69</sup>

### 2.3.5 – Mapping the partnership's structure to the government's

Competitiveness partnerships can be more effective in pushing through reforms if they are integrated into the existing structure of government – a labor working group matching the remit of the labor ministry, a trade working group considering the issues dealt with by the trade ministry, and so forth. The deliberation councils in **Japan** are closely integrated into the government's ministerial structure. An alternative route was pursued by the **Bosnia** Bulldozer Initiative with limited success: Emergency Reform Units were set up in each governmental entity and charged with receiving, analyzing and coordinating the response to the Bulldozer's recommendations.

When the partnership does not have direct links with the relevant decision-makers – for instance, when it is set up as an adjunct to the president's office – it can find its reforms being blocked as they travel down the chain of command.<sup>70</sup> This problem can be overcome with sufficient political will, but taking account of the government's structure when devising the competitiveness partnership should minimize the chances of difficulty.

### 2.3.6 – Local and Regional Groups

The structure of government may dictate the importance of targeting competitiveness partnerships at the local or regional level. If significant decision-making authority rests with local tiers of government, competitiveness partnerships should clearly not focus their attention solely at the federal level. In **Poland**, Provincial Commissions for Social Dialogue conduct tripartite dialogue on a local level.<sup>71</sup> In **Indonesia**, while the Private Sector Forum has operated at a national level for several years, increasing devolution to the regions has led the World Bank to organize exploratory forums about public-private dialogue in East Kalimantan, Surabaya, East Java and Makassar. The findings of initial research indicate the value of a regional focus: decentralization has imposed on regions a responsibility to fund themselves partially through direct taxation, and in meetings organized by the Bank, "many businessmen strongly criticized local governments for using their new regulatory powers to focus more on income generation than on promoting a favorable business environment."<sup>72</sup>

Regional approaches can often profitably be combined with an industry cluster approach; USAID in particular have focused on promoting dialogue in regional industry clusters, with considerable success. The high-value agriculture sector in Western **Thailand** has seen dialogue lead to the adoption of rules on "Good Agricultural Practices".<sup>73</sup> The tourism sector in the Smolyan region of **Bulgaria** has also benefited from USAID-facilitated public-private dialogue.<sup>74</sup>

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<sup>67</sup> *Cambodia: Coordinating Bureau of the Private Sector Forum (Supported by International Finance Corporation, Australian Agency for International Development) Progress Report January 2002 - January 2004* – James Brew, March 2004, p12

<sup>68</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999

<sup>69</sup> <http://www.worldbank.org/participation/web/webfiles/bolivia.htm>

<sup>70</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>71</sup> [http://www.fr.eurofound.eu.int/industrial/social-dialogue/workshop\\_prague03/abst\\_poland.htm](http://www.fr.eurofound.eu.int/industrial/social-dialogue/workshop_prague03/abst_poland.htm)

<sup>72</sup> *Issues Paper prepared for the Makassar Regional Private Sector Forum* – World Bank and Municipal Government of Makassar, June 2003

<sup>73</sup> *Competitiveness: How It Helps Thailand* – Darryl N Johnson, US Ambassador to Thailand, Cluster Competitiveness in South-East Asia Conference, September 2004

<sup>74</sup> *Citizens' Participation at the Regional Level, Practices of the Regional Governor of Smolyan Region* – Sofia, September 2004

A report for DFID identifies two further advantages of working with local government. Firstly, it often happens that “[l]arge degrees of decentralization mean that often local governments are better run and organised, and have more resources” than their federal counterparts, making them a better focal point for dialogue. Secondly, local organisation makes it easier to involve entrepreneurs from small businesses, who are often located in rural areas and lack the ability to travel to meetings in the capital city: in **Nicaragua**, DFID adopted a local approach to dialogue for this reason.<sup>75</sup>

Competitiveness partnerships can also transcend national boundaries when the circumstances make it advisable. As the US Ambassador to **Thailand** put it when advocating cross-national public-private dialogue in the tourism sector, “Tourists don’t think in national boundary terms – they want adventure tourism in both Thailand and Laos; they want to visit archaeological sites in Thailand, Cambodia and Vietnam; they want cultural experiences that give them a taste of the great variety in the region.”<sup>76</sup> In such cases there is clear potential for a regional competitiveness partnership to improve an economic sector.

## 2.4 – Setting and reaching goals

Competitiveness partnerships can yield both hard and soft results, but the soft benefits – such as trust, cohesion and social capital – tend to arise as by-products from striving for outputs which are more easily quantifiable, such as policy reforms, position papers and conferences. This section identifies possible quantifiable measures for success and notes the importance of focusing on “quick wins”, producing clear and credible recommendations and following through with monitoring and accountability mechanisms.

### 2.4.1 – Policy reforms

Intended outputs can be more or less ambitious, ranging in scope from holding conferences and producing discussion papers to enabling legislative programs. There is often some difficulty in proposing quantifiable measures for success. Some possibilities are:

- The holding of an annual forum, as happens in **Vietnam**.
- The target of “50 economic reforms in 150 days” of **Bosnia’s** Bulldozer, each reform being a specific regulatory change.
- To “double the level of innovation by having at least 20% of all enterprises introducing some new product, process or service in the previous two years”, as adopted by the Shannon region of **Ireland** as part of the EU’s Risk Innovation Strategies.<sup>77</sup>
- An aim for improvement in a country’s ranking in indices – such as the World Bank’s Doing Business indicators, the World Economic Forum’s Growth Competitiveness index, or the OECD’s Human Development Index – which is among the objectives adopted by **Nigeria’s** Better Business Initiative.



**Our advice: Focusing on this goal sets a good stage for reaching the others**

<sup>75</sup> Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005

<sup>76</sup> *Competitiveness: How It Helps Thailand* – Darryl N Johnson, US Ambassador to Thailand, Cluster Competitiveness in South-East Asia Conference, September 2004

<sup>77</sup> *Regional Innovation Strategies of the European Regional Development Fund – Innovative Actions 2000-2002* – European Commission DG Regional Policy, 2002, p9

But even if success in meeting goals may be measurable only subjectively and anecdotally, the goals are still worth setting.

Focus on policy reforms – which can be defined as any change in a legislative or administrative system that will impact the end users of that system – is a common thread of many partnerships. This covers a broad range of meanings: passing a full new law, a change in an internal procedure in a local administration, amendments to an article in a law, a ministerial instruction, a change in the way licenses or permits are handled, a different tax rate, a harmonization of procedures, and so forth. **Japan's** deliberation councils show what can be achieved when consultation accumulates legitimacy by being seen to work well over a period of time – policies approved by the councils are implemented almost routinely, whereas any proposal emanating from the Ministry of Trade and Industry that has not passed through a deliberation council has little chance of passing parliament.<sup>78</sup>

#### 2.4.2 – Clear and credible recommendations

Recommendations to government which emerge from competitiveness partnerships must be clear, well-researched and compellingly presented, and must pass through a filtering process so they are seen by all the actors as legitimate. The failure of the Private Sector Roundtable in **Ghana** was partially attributed to the fact that its recommendations were “overly vague and, due to poor background research, failed to include analysis of such vital matters as cost implications”, and furthermore were not accompanied by a realistic timetable for implementation.<sup>79</sup>

Although policy reform recommendations should be specific, that doesn't mean they can't be presented on more than one level. The Better Business Initiative in **Nigeria** both identifies “Business Bottlenecks”, individual problems needing individual solutions, and publishes “Business Roadmaps”, taking a birds-eye view of the business landscape and describing the broader context for required reforms. In both Nigeria and **Bosnia** it has been found that the process of collecting ideas, for “bottlenecks” or “roadblocks” respectively, brought benefits to civic society in terms of spreading awareness of the potential of advocacy to achieve change.

#### OUR ADVICE

##### Aim for a tiered output: Roadblocks and Roadmaps.

We recommend that a competitiveness partnership develops a set number of targeted proposals (called, for example, “**Business Roadblocks**”), together with a smaller number of high quality, longer and research-based economic policy papers (eg “**Business Roadmaps**”). The Roadblocks promise concrete outcomes and instant gratification, while the Roadmaps build credibility by putting the Roadblocks in context.

#### 2.4.3 – Low-hanging fruits

A strategy which has paid dividends in many competitiveness partnerships is to place early emphasis on reforms that are relatively easily achievable. The Presidential Investors Council in **Senegal** enjoyed early success by concentrating on forcing through the implementation of changes which had already achieved wide consensus in principle between the public and private sectors.<sup>80</sup> The Bulldozer Initiative in **Bosnia** took care to propose no major structural changes in its first phase of reforms, but small and manageable ones that could command widespread support and be implemented without provoking too powerful opposition.

#### 2.4.4 – Staying the course

Reforms take place in the context of an often complex process: for instance, a suggestion may need to find a ministerial sponsor, get executive approval for submission to parliament, be approved by two chambers of parliament – which may involve several readings and perhaps committee stages and public hearings – and be published in an official gazette. Then there may need to be communication of the change to local administrative agencies, updating of rulebooks, amendment of by-laws and procedures, training of personnel, etc. The most

<sup>78</sup> *Public/Private Consultation Partnerships* – Mark Dorfman and Agata E Pawlowska, World Bank

<sup>79</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999, p33

<sup>80</sup> *Investors Councils: Status report as of April 2003* – World Bank, April 2003

successful competitiveness partnerships are the ones that recognize reforms can founder at any stage and build monitoring and accountability mechanisms into their initial structure.

There are many examples of recommendations that are agreed upon and accepted by government but never actually happen: as a member of **Uganda's** National Forum told USAID, for instance, some of the "reforms take place on paper only. Still others never surface at all and appear to be cloaked in government secrecy".<sup>81</sup> World Bank consultations with small entrepreneurs while investigating the formation of a competitiveness partnership in the Makassar region of **Indonesia** uncovered a typical example of a reform which looks good on paper but has little effect in reality: in response to complaints about the difficulty of obtaining the required licenses to operate a business, the regional government had two years previously set up a "one-stop shop". Far from solving the problem, though, entrepreneurs related that they still needed to visit as many bureaucrats, collect as many signatures and make as many informal payments as before.<sup>82</sup>

"It took me at least six months to build trust amongst the private sector when I arrived! Some of them would not invite me to meetings that were designed to discuss the proposed Working Group agendas. The best way to mitigate this has been to work hard, work with all parties, listen and be transparent. I also believe that being contactable and responsive is important."

**James Brew, IFC, on the Cambodian Private Sector Forum**

Monitoring and accountability mechanisms help to prevent participants becoming frustrated at lack of concrete progress and losing interest in the process. Building a monitoring mechanism into the structure can help to improve credibility: as part of **Mexico's** pact process, a high-level monitoring committee met weekly to assess compliance with agreements on the part of government, business and labor, facilitating efforts to sanction firms or unions which violated price or wage controls or other commitments.<sup>83</sup>

Active outreach and publicity programs can also help to create political momentum and hence ensure that implementation of agreed proposals happens in practice.

Among the tools used by **Bosnia's** Bulldozer in this regard

was a brochure which described in simple terms the proposals that ministers had promised to enact and why they were valuable to core constituents. As a means of creating public pressure to ensure that promises were followed through, the brochure personally identified and printed photographs of the ministers responsible for enacting each specific agreement.

## **2.5 – The Role of Donors**

Donors can help by providing funds and technical advice, putting practitioners in touch with similar initiatives in other countries, and disseminating knowledge about international best practice. They can play a key role in bringing credibility that legitimizes a competitiveness partnership, and can facilitate access to leading players in the public and private sector. But much depends on how the donor is viewed by stakeholders in the country: if the business community and general public view donors as part of their country's problem, high-profile involvement can have a negative impact on legitimacy.

### **2.5.1 – Perceptions of donors**

Sometimes only the prodding of a donor will motivate a government to enter into a competitiveness partnership, but high-profile engagement by an unpopular donor may create resentment on the government's part and cynicism from business and the public, hindering the partnership's effectiveness. The history of competitiveness partnerships in **Ghana** during the Rawlings administration provides a case study in the difficulty of treading this fine line. World Bank pressure and conditionality was crucial in getting the government involved in consultation, but the government did not develop genuine ownership of the recommendations that consultation produced; referring to one attempt at partnership, "many business owners [formed] the impression that the government represented, at best, a reluctant participant, going along only to please its most influential donor. As a result,

<sup>81</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p16

<sup>82</sup> *Regional Private Sector Forum Issues Paper* – International Finance Corporation and Municipal Government of Makassar, June 2003

<sup>83</sup> *Public/Private Consultation Partnerships* – Mark Dorfman and Agata E Pawlowska, World Bank





The logo for Phase III of Bosnia's Bulldozer Initiative adopts the national colors, and the slogan "Minding Our Own Business" makes the local ownership clear.

there was little confidence among private sector participants that the government was actually prepared to implement the Roundtable's recommendations."<sup>84</sup>

Similarly, the credibility of the 1997 National Dialogue in **Bolivia** among civil society organizations suffered because it was "widely perceived as simply an attempt to please international donors".<sup>85</sup> This hampered the credibility of subsequent efforts of the Bolivian government to engage the population in dialogue, especially because assurances that consultation would be ongoing after the initial burst of energy in 1997 had not been followed through; the follow-up to the initial dialogue "remained largely within the realm of Government-Donor relations".<sup>86</sup>

By contrast, in **Bosnia** the involvement of the Office of the High Representative with the backing of four donors was critical in building credibility because the international donor community enjoyed more popular confidence than national institutions. As this is largely a matter of public perceptions of international donors, which varies according to country context, the wisest course of action will differ in each situation. Possible solutions to donor unpopularity are to de-emphasize the donor's involvement as much as possible and encourage speedy moves to a self-supporting partnership.

### 2.5.2 – Need to transfer ownership

While competitiveness partnerships often need initial donor funding to become established, there should be a clear aim for funding to become sustainable, which means that eventually responsibility should be taken by one or more of the members such as associations, governments, chamber of commerce or sometime single entrepreneurs. Transferring the responsibility for funding to participants is important to ensure that the members of the competitiveness partnership develop a sense of ownership. The **Cambodian** Coordinating Bureau, for instance, was set up with IFC and AusAID support, but with the clear intention that the Government and the private sector should become able to sustain it in the medium term without donor support.<sup>87</sup>

"A clear transition path to full domestic ownership is necessary. Businesses should also be included in international community economic reform programs in other fields, in order to (i) increase quality and legitimacy of these programs, (ii) improve implementation and (iii) break down barriers in communication between the international community and businesses."

**Richard Ots, Office of the High Representative, Bosnia and Herzegovina**

A sense of local ownership can also be promoted through use of language. While the promise of financial assistance is sometime initially necessary to motivate NGOs to take part in a competitiveness partnership, emphasis should move as quickly as possible away from contractual obligations and towards promoting the idea of engagement for its own rewards, replacing terms like "ToRs" with terms like "personal commitment".

### 2.5.3 – Setting the Agenda

Donors must decide the extent to which they want to retain control of specific policy proposals. **Uganda's** experience exemplifies a contrast in styles: with the National Forum, USAID provided funding and advisory services but left the recommendations up to members; with the Private Sector Development Program, the final

<sup>84</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (university of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999, p33

<sup>85</sup> [www.christian-aid.org.uk/indepth/0204part/bolivia.pdf](http://www.christian-aid.org.uk/indepth/0204part/bolivia.pdf)

<sup>86</sup> <http://www.worldbank.org/participation/web/webfiles/bolivia.htm>

<sup>87</sup> *Cambodia: Coordinating Bureau of the Private Sector Forum (Supported by International Finance Corporation, Australian Agency for International Development) Progress Report January 2002 - January 2004* – James Brew, March 2004, p12



decisions were made by the sponsor, the UNDP.<sup>88</sup> A report for DFID notes that donors can become “one of the biggest obstacles” to dialogue when they impose their agenda and “make both governments and private sector associations respond more to donor priorities than to their home constituencies”.<sup>89</sup>

While donors often have valuable technical expertise to exercise a quality control function on proposals for reform – proposals from the Bulldozer in **Bosnia** were submitted to government only when they had the international community’s seal of approval – they must decide whether reforms will fail such quality control only when they are technically ill-advised or also when they contradict a donor’s policies. One of the second-phase reforms agreed on by the **Bosnia** Bulldozer Initiative was an export ban on raw logs pending the establishment of a new forestry certification system that would protect the local industry and ecosystem. The World Bank and International Monetary Fund opposed the export ban but they did not have veto power and the Bulldozer committee pressed on with the recommendation.

The regulations associated with donor funding can cause a lack of responsiveness to local needs and changing situations, a risk which DFID has tackled successfully by setting up independent trusts and “challenge funds” such as the Business Linkages Challenge Fund in **Tanzania**, which can provide research and analysis services while generally providing a flexible response and managing to “reach out to groups DFID direct assistance finds difficult to support”.<sup>90</sup>

Donors must also be alert to the risk that their involvement can cause a narrowing of focus and the consequent favoring of some stakeholders’ interests at the expense of others’. A review of USAID assistance to consultation mechanisms in **Ghana** and **Uganda** raised this point: because support came from USAID’s Economic Growth program rather than the Democracy and Governance program, “labor unions have received only minor assistance and attention. While appropriate to the goals of EG programs at least in the short term, this imbalance may shortchange potential long-term gains in terms not only of participation and democracy, but also in terms of economic stability and/or longer-term economic growth.”<sup>91</sup>

## **2.6 – Communication Strategy**

The use of a branding strategy involving a clear logo and concise, straightforward mission statement, together with and a policy of active outreach towards the local entrepreneur community and openness with the media, can be critical elements in helping a competitiveness partnership to establish the credibility and legitimacy it needs to achieve results. This section considers the need for communications and two essential aspects of an outreach strategy: the use of branding and social marketing.

### **2.6.1 – The need for communications**

A review of the competitiveness partnerships in which DFID has been involved concludes that the more successful initiatives “have effective communications strategies for letting not only all participants, but also the general public know the returns on the time and effort invested in dialogue.” One reason for this greater success is that a communications strategy helps to tackle a common “failure among many smaller private sector actors to see the wider picture, and to understand how dialogue can benefit their businesses”.<sup>92</sup>

The Investor Councils in Africa demonstrate the need for active outreach, as the failure to communicate adequately the Councils’ aims has left local businesses feeling neglected and uninvolved: “In all the countries, the local private sector generally does not have a clear idea of the Council... Most wanted more transparency in terms of the membership and work of the Councils.”<sup>93</sup> It is recommended that “[a]ll the Councils need to develop a statement of mission and objectives that members can commit to.”<sup>94</sup>

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<sup>88</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p30

<sup>89</sup> *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue* – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005

<sup>90</sup> *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue* – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005

<sup>91</sup> *Participation, Consultation and Economic Reform in Africa* – USAID, October 2001, p21

<sup>92</sup> *Reforming the Business Enabling Environment: Mechanisms and Processes for Private-Public Sector Dialogue* – Matthew Gamser, Richard Waddington and Rebecca Kadritzke, DFID/Bannock Consulting Ltd., March 2005

<sup>93</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>94</sup> *Ibid*

## 2.6.2 – Branding

Competitiveness partnerships should convey their aims clearly and simply, as with the logos and mission statements illustrated below as examples<sup>95</sup>. Rebranding Nigeria's "Competitiveness Forum Working Group" as the "Better Business Initiative" helped to communicate its core values to its target audience. Brand names are only as good as the values associated with them, and the way values are communicated depends on the target audience that a brand name is trying to capture. Key questions for members of a competitiveness partnership to answer are: who is your audience, and what are the values you want to communicate? The name will derive from the answers. Some factors to consider:

### Logo ideas



**Investment Climate Partnership**

*Building sound foundations for economic policy*



**Suriname Business Forum**



**Better Business Initiative**

*Partnering to improve the economic environment*



IMPROVING THE BUSINESS ENVIRONMENT FOR MEN and WOMEN ENTREPRENEURS

- The word "business" conveys an element of private sector advocacy.
- The words "partnership" or "forum" convey an element of even-handed dialogue.
- The name of the country or region stresses geographical identity and common cause.
- The word "voice" suggests private sector frustration.
- The word "Bulldozer" conveys private sector impatience.
- The word "initiative" evokes private sector leadership in policy making.
- The word "micro" could imply a focus on SME issues.
- The words "competitiveness" or "investment climate" suggest a more macro focus.
- The word "better" creates the impression of optimism and goodwill

As well as a suitably evocative name, a logo can be a useful tool for communication. The logo can be formed of the name's initials, or a simple drawing which conveys a sense of what the partnership is all about. The logo should be visible on all reports, stationery, press releases, press conferences and so forth; in **Bosnia**, the Bulldozer image quickly became associated with the notion of speedy progress to help business.

"The Bulldozer initiative is a mechanism to bulldoze away the roadblocks to a good business climate. It has two goals:

1. Improve business climate by enacting much-needed reforms
2. Organize the business community into an active lobby for reform"

**Bosnia, Bulldozer Initiative**



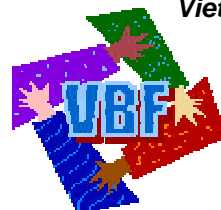
**Bulldozer Initiative**

*50 economic reforms in 150 days*

"The objectives of the Vietnam Business Forum are as follows:

1. To represent the views of the private sector in Vietnam, using the broadest possible participation of the private sector on a volunteer basis.
2. To assist the Vietnamese government to develop its private sector.
3. To engage in a regular, constructive dialogue with the Vietnamese Government in order to make constructive contributions to policies & regulations that underpin the economic development of the country.
4. To work on issues of detail through sector-specific sub-groups.
5. To identify areas of difficulty for the private sector, particularly in the implementation of laws and regulations, where donor support and funding may provide or help provide a solution."

**Vietnam Business Forum**



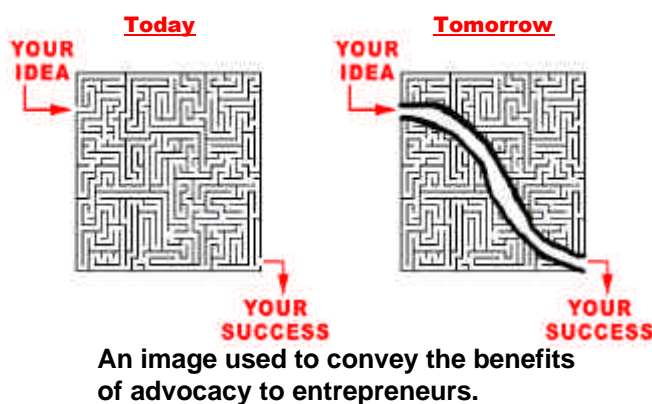
<sup>95</sup> "Investment Climate Partnership" and "Suriname Business Forum" are not real logos. The b2 logo belongs to the Better Business Initiative in Nigeria. "New Women for a New Uganda" was proposed during a workshop with Ugandan women entrepreneurs on public-private dialogue organized by Gender-Entrepreneurship-Markets Facility of the IFC. The group eventually decided to be called the Gender Coalition.

### 2.6.3 – Social Marketing

Social marketing is the name given to attempts to bring about social change by using the techniques of commercial marketing. Campaigns may be aimed directly at the people whose behavior it is intended to change – for example, smokers. Another strategy is to aim campaigns at decision-makers who have the ability to create circumstances in which that behavior change is more likely – for example, employers who can decide to ban smoking in the workplace. Going further upstream, social marketing can also be highly effective in changing behavior by influencing people who can bring effective pressure to bear on those decision-makers – for example, employees who can lobby employers for workplace smoking bans.

In the context of competitiveness partnerships, it offers techniques to engage and enthuse businesspeople in advocating for reform, and to make government decision-makers more open to change. The four “stages of change” in social marketing are pre-contemplation – that is, lack of any belief that action could be worthwhile – contemplation, preparation and action<sup>96</sup>. **Bosnia’s Bulldozer** used outreach techniques including a traveling road show to move businesspeople from the skeptical stage of pre-contemplation towards active involvement in pressing for reform.

It did so by paying attention to the “BCOS” factors of Social Marketing – benefits, costs, others and self-efficacy<sup>97</sup>. Bulldozer presentations made clear what the benefits to individual businesspeople would be, through devices such as a simple graphic depicting a bulldozer ploughing a direct path through a maze. It minimized the costs, in terms of time commitment, by holding meetings as infrequently as possible and on a regional basis, and setting a short time scale for action. It emphasized the involvement of others, especially the value of networking with the donor community and with other local entrepreneurs. And it eased qualms about self-efficacy by having an efficient secretariat and enabling suggestions for reforms to be submitted speedily on a simple, four-question form<sup>98</sup>. A similar approach was taken while designing the **Kosovo** advocacy initiative.



The value of outreach activities is also demonstrated by other competitiveness partnerships<sup>99</sup>. The agriculture working group of **Cambodia’s** Private Sector Forum conducted a nationwide survey of farmers – most of whom are poor, small-scale, rural and highly engaged in the informal sector – to discover the key issues. In the **Cook Islands**, the Asian Development Bank-led Economic Reform Program helped the government to develop “good public consultation mechanisms to gauge feedback and support for new projects. This usually entails substantial public and media campaigns, village seminars and private consultations”.<sup>100</sup>

<sup>96</sup> *Social Marketing and Social Change*, Alan. A. Andreasen, Georgetown University, presentation at World Bank, 2004.

<sup>97</sup> *The Life Trajectory of Social Marketing: Some Implications*, Marketing Theory 3 (3), Alan A. Andreasen, 2004

<sup>98</sup> Further details on how the Bulldozer initiative applied social marketing techniques can be found in a dedicated article on the matter in *Social Marketing Applied to Economic Reforms*, Alan A. Andreasen and Benjamin Herzberg, Social Marketing Quarterly, Philadelphia, 2005.

<sup>99</sup> More examples of specific campaigns can be found on the page on Innovative Communications and Outreach Strategies of the Rapid Response web site of the World Bank at <http://rru.worldbank.org/Themes/PromotingReform/Communications/>

<sup>100</sup> *Public-Private Sector Partnerships* – Pacific Islands Forum Secretariat, July 2002

## PART THREE: Challenges and Strategies

A review of the literature reveals that competitiveness partnerships in diverse political settings often face the same kind of challenges. The aim of Part Three aims is to identify these common challenges and consider strategies to tackle them. The intention of raising these risk factors is not to suggest that competitiveness partnerships are dangerous, but rather to show how awareness of the risks and careful planning can help participants to succeed.

### **3.1 – CHALLENGE: Reinforcing vested interests**

**THE CHALLENGE: Promoting personal contact between government and businesspeople may give too much influence to a small and unrepresentative group, create opportunities for rent-seeking and cronyism, or otherwise reinforce the power of existing elites.**

Competitiveness partnerships create both an opportunity and a risk when other lines of communication between government and society are weak. Done well, competitiveness partnerships can enable the voices of stakeholders to be heard by a government that is relatively undemocratic in its functioning, and can give governments input which will improve the quality of their policy-making. Done badly, however, competitiveness partnerships can give unhealthy influence to an unrepresentative group of stakeholders, reinforce links between politicians and lobbyists and provide a veneer of legitimacy for bad policies.

“A consultative mechanism should not be seen as a substitute for a functioning democratic structure. And if you have a functioning set of democratic institutions then the consultative mechanism is probably best set up as an advocacy body, one that thinks through what is needed and then makes proposals and advocates for those proposals with the relevant institution such as the Parliament.”  
**Paul Ballard, former Lead Industrial Economist, The World Bank Group**

A World Bank Private Sector Development Department Occasional Paper notes that some critics believe “regular interactions, information sharing and trust generation among government officials and business persons in East Asia is worrisome” as it creates opportunity to conspire against the public good.<sup>101</sup> This does not necessarily imply behind-closed-doors deal-making, although that can happen; it may merely be that participation in a consultative dialogue may provide a business with various advantages such as early knowledge of impending policy shifts and first-name familiarity with influential government officials, which provide an unfair competitive edge against business competitors who are not network members.<sup>102</sup>

**Cameroon** provides an example of a competitiveness partnership diverted into rent-seeking activity. Most of the private sector members of the Competitiveness Committee, created in 1998, were members of one business lobbying association and tried “to use the committee to defend their rent seeking situation”.<sup>103</sup> The World Bank, which had given financial support to the committee, had to insist on its restructuring. In **Mongolia**, USAID decided against creating a public-private consultative mechanism because it feared the relatively narrow range of potential participants would mean influence would become unhealthily concentrated.<sup>104</sup>

#### **3.1.1 – STRATEGY: Be open and transparent**

An explicit commitment to transparency, and the incorporation into the partnership of monitoring and accountability mechanisms, are essential safeguards against the risk of cronyism and institutional capture. Another way of tackling cronyism is to ensure that no topics are off-limits for discussion. In **Malaysia**, the government insisted on keeping off the table sensitive subjects such as privatization and Malay ethnic

<sup>101</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p6

<sup>102</sup> *Ibid.*, p8

<sup>103</sup> *Business-Government Consultative Mechanisms* – Agata E Pawlowska, May 2001

<sup>104</sup> *Promoting Competitiveness in Practice, An Assessment of Cluster-Based Approaches* – USAID, November 2003

domination of the civil service, which led to a continuation of the perception of favoritism in the privatization process.<sup>105</sup>

### 3.1.2 – STRATEGY: Create a broad base

Involving intermediaries such as business membership associations and chambers of commerce (when they are relatively unbound from vested interests), has the clear potential to help reduce the risk of capture, relative to group that contains representatives of only a few individual businesses. Having a large number of working committees with broad representation can also help to head off the chance of institutional capture at the top by ensuring that participation is broad-based at lower levels. This strategy has seen success in **Uganda**.<sup>106</sup>

Shortcomings of dialogue mechanisms which are too concentrated at the top are most resented by the base of good-willing entrepreneurs, who may then decide to take charge – or else part with the partnership. In **Mexico**, at the end of the 1990's, the importance of political allegiance to the main party created tensions between the mass of entrepreneurs and the institutions supposed to represent them. It provided an opportunity for new entrants, namely non-aligned chambers of commerce and business associations, to launch initiatives that quickly reached a broad advocacy support, especially at the regional and state level.

An open question is whether participants should speak as individuals rather than as representatives of their organizations. This seemed to promote openness in **Uganda**, but in other cases – especially in post-conflict situations – individuals can be stronger than the institutions they belong to; in such circumstances, speaking for organizations can reduce the importance of controversial and powerful personalities. In **Bosnia**, for instance, when the Bulldozer Initiative expanded to encompass trades unions in the dialogue, it was felt that involving local-level officials who would speak on behalf of their union and were relatively unknown to the public would lead to less risk of capture by the union movement than if the dialogue were to involve the national leader, a high-profile figure who polarized popular opinion.

### 3.2 – CHALLENGE: Big businesses domination excludes SMEs

**THE CHALLENGE: Competitiveness partnerships may give big businesses a more powerful voice than small and medium-sized enterprises, skewing reform recommendations in their favor.**

There are obvious reasons why it is easier to engage with representatives of a small number of large organizations than with a large number of small organizations – it is simpler to organize, and members are more likely to speak with a unified voice. Given the difficulty of establishing dialogue between government and the private sector, the path of least resistance is often for government to focus on consulting a relatively small number of relatively large firms, especially when it comes to promote foreign direct investment. This understandable dynamic is based on the larger growth potential of larger firms, but it has often led to the interests of SMEs being under-represented in competitiveness partnerships, while SME entrepreneurs are often the larger source of employment in emerging markets.

“The policy process should not be limited to a small set of interlocking domineering elites with privileged access to political and governance structures, but must be built on candid structures and processes deliberately constructed to elicit citizen participation, transparent and accountable policy formulation and implementation.”

**Eric Eboh, Nigeria Better Business Initiative, quoted in This Day**

This happens even when the problem is well understood. A study by the World Bank in 2001 recommended that domestic firms should be given equal priority, but when the Bank came to set up Investor Councils in Africa it instead adopted a model of one-third local firms, one-third multinational corporations with investments in the country, and one-third multinational corporations without investments in the country; but it recognized that inviting mostly big and foreign countries would mean the Councils were “naturally biased towards considering the problems of larger companies, while possibly de-emphasizing e.g. market entry, competition and finance aspects”.<sup>107</sup> The result has

<sup>105</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p30

<sup>106</sup> Grant Morrill, quoted in *When and How to Use Business-Government Consultation to Promote Market-Oriented Reforms* – PSAS Clinic Discussion Notes, February 2001

<sup>107</sup> *Investor Councils in Africa: Scoping Study Results* – Melissa Bennett, World Bank, April 2001

been that local entrepreneurs feel excluded: in **Ghana**, “[t]heir perception of GIAC is one of suspicion and some fear. The MNCs which dominate the GIAC are seen as enclaves by themselves with few linkages to local business and to local society”.<sup>108</sup>

A further risk for SMEs is that business associations which exist to represent their interests may in practice listen more to their larger members. In **Botswana**, SMEs have felt disengaged from dialogue because their trade organization, BOCCIM, listens more to the concerns of bigger businesses.<sup>109</sup> This was also the case with the Business Coordinating Council, which represented business concerns in consultations about **Mexico’s** negotiating stance for NAFTA. As a result, the opinions which the Mexican government heard from business “magnified the interests of large financial-industrial groups that were in a reasonably good position to absorb the costs of economic liberalization”.<sup>110</sup>

A study in **Vietnam** found that large businesses are more likely than small businesses to be members of an association. Moreover, large businesses were more likely to cite a desire to be represented in dialogue with government as one of their main reasons for joining an association; “smaller, poorer and more remotely located businesses cited this reason much less often because they are less likely to have the size, strength and ability to engage in the dialogue.”<sup>111</sup> Similarly, the Bulgarian Competitiveness Initiative notes that industry associations in **Bulgaria** are “often fragmented, and respond to parochial interests that are not representative of the larger constituency.”<sup>112</sup>

### 3.2.1 STRATEGY: Strengthen business associations

Strong business associations which genuinely speak for SMEs can be extremely helpful in making sure that the concerns of SMEs are heard in dialogue. One solution to ensuring SME representation might appear to be for governments to make it compulsory for entrepreneurs to join business member organizations, but experience suggests this rarely works in practice, especially in emerging markets: compulsory membership tends to make members resentful and disengaged, undermining the organization’s legitimacy. Also, compulsory membership creates a temptation for governments to seek to control an association’s activities; in **Mexico**, the ruling party’s history of influencing the elections for leadership of the country’s compulsory business chambers led to the elected leaders being “commonly viewed to be concerned as much with transmitting government positions to their members as with articulating member concerns to the government”.<sup>113</sup> In **Bosnia**, one of the most popular reforms of the Bulldozer Initiative was the abolition of compulsory fees for belonging to a Chamber of Commerce – not least because the vibrancy of the Bulldozer Initiative relative to the Chambers of Commerce had made entrepreneurs feel that they received little of value for their compulsory fees.

A good compromise may be the **Japanese** approach of retaining voluntary membership, but with the state providing incentives to join such as loan guarantees, special financing and procurement opportunities; around 95% of Japanese small businesses are members of an officially sanctioned business association. Another way forward is shown by **Samoa**, where “[t]he Government currently provides annual grants to assist in meeting the costs of operating the secretariats of the Chamber of Commerce and the Manufacturers Association. In addition to the grants, the Government has also supported donor funding for developing corporate strategies for both the Chamber of Commerce and the Manufacturers Association.”<sup>114</sup>

The authors of the **Vietnam** study conclude that governments can help by including associations in dialogue, creating an enabling regulatory framework in which they can operate, and delegating some tasks of SME assistance to them; international donors can help by increasing seed funding and support for technical capacity building.<sup>115</sup>

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<sup>108</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005

<sup>109</sup> *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002, p13

<sup>110</sup> Kaufman, Bazdresch and Heredia, 1994: 391, quoted in *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p26

<sup>111</sup> *Business Associations in Vietnam: Status, Roles and Performance* – Mekong Project Development Facility and Asia Foundation, August 2002, p32

<sup>112</sup> <http://www.cipe.org/pdf/whatsnew/events/budaconf/bulgaria.pdf>

<sup>113</sup> *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000, p7

<sup>114</sup> *Public-Private Sector Partnerships* – Pacific Islands Forum Secretariat, July 2002

<sup>115</sup> *Business Associations in Vietnam: Status, Roles and Performance* – Mekong Project Development Facility and Asia Foundation, August 2002



### 3.2.2 STRATEGY: Reach out to every entrepreneur equally

An alternative or complementary strategy to strengthening business associations is to actively pursue outreach programs which bypass such associations and seek input directly from individual businesspeople. This can take the form of roadshows and meetings at which entrepreneurs are invited to fill in forms detailing suggestions for reform, as the Bulldozer initiative did in **Bosnia**. Or it can take the form of a donor surveying and meeting with small entrepreneurs in order to better understand their concerns and be able to build them into the focus that a new competitiveness partnership will have, as **Cambodia's** PSF did with small-scale rural farmers and as the World Bank is now doing in regions of **Indonesia**.

The advantage of direct outreach is that every entrepreneur has an equal opportunity to put forward reforms. 80% of the Bulldozer's proposals came from small businesses, confirming the existence of grassroots energy and ideas which existing associations had failed to harness. A report prepared for the USAID mission to **Kosovo** recommended that the proposed new competitiveness partnership use the same method of collecting suggested reforms through a simple form that any businessperson can submit. The report emphasizes the importance of prompt responses to submitted forms: "While this process may require more effort from the Working Groups and Admin Support, responses will help people feel more inclined to be active at the grassroots level. Also, responses will help build credibility."<sup>116</sup>

### 3.3 – CHALLENGE: The Talk Shop

**THE CHALLENGE:** Competitiveness partnerships may become ineffective after a promising start, descending into a talk shop from which little substantive action results. Participants may become disillusioned with wasting time and energy, with negative effects on the credibility of public policy.

"Talk shop" is a common phrase in case studies of public-private collaboration. It is not an easy problem to eradicate, as evidenced by two examples from **Ghana** a decade apart. In the early 1990s, "lack of defined boundaries or guidelines for discussion caused [Private Sector Roundtable] meetings to wander among a wide range of disconnected topics."<sup>117</sup> Though progress has since been made, a report on the initial experience of the Ghana Investment Advisory Council used almost identical language: "Unable to achieve consensus on a short list of priority issues, the members opted instead to identify 18 sets of issues (including "the reform of many laws") as targeted action points... meetings seemed to lack focus, covering too many topics in an open discussion forum".<sup>118</sup>

The failure of the Private Sector Roundtable was largely attributable to this problem: "Discussions seemed to go on without any particular direction, and attendance at PSR meetings declined, as a number of members became tired of

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<input type="checkbox"/> 101-1000 employees	<input type="checkbox"/> DGA	<input type="checkbox"/> DGA	<input type="checkbox"/> SAG	<input type="checkbox"/> Other
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attending meetings that did not produce concrete results.”<sup>119</sup> In **Uganda**, the National Forum suffered from waning enthusiasm after a productive start. One member commented that “Some issues get bogged down in endless debate”, while another was quoted as saying “I am so fed up. I want to give up. No matter what you write, no one seems to read it anymore.”<sup>120</sup>

### 3.3.1 – STRATEGY: Revisit the structure

The National Forum in **Uganda** attempted to tackle the “talk shop” perception by revisiting the membership of the working group committees, carefully selecting participants who would provide a better balance of outlooks and skills. “The Monitoring Committee found that the working groups also needed more parliamentarians to complement the government and private sector representatives with the political savvy of these law-makers. Thus, the National Forum partnership of two became a triad. It recruited people who were good in managing others and focusing others on getting things done”.<sup>121</sup> USAID recommended other means to counter frustration at the Forum’s inactivity, including incrementalizing large reforms so that concrete successes could be seen more quickly, and constantly assessing whether specific working groups have outlived their usefulness and new ones need to be formed.<sup>122</sup>

### 3.3.2 – STRATEGY: Clear agendas with concrete proposals

Meetings are less likely to degenerate into talk shops when the agenda is strict and clear and communicated well in advance, and when there are concrete proposals on the agenda that require decisions. Such careful planning and attention to the detail of agendas and the importance of focusing on narrowly-defined outputs has been an important part of the success of the **Vietnam** Business Forum in maintaining focus and momentum, and preventing discussions from drifting. A useful component of this strategy can be to pursue a two-tier approach. Setting aside part of an annual meeting for participants to get complaints off their chests can help them to stay focused during more regular meetings of working groups. In **Bosnia**, each plenary session of the Bulldozer Committee aimed at voting on a number of proposals that had been distributed in advance to the participants in a clear and standardized format. The voting took place only after all the proposals were discussed, which helped sustain focus and momentum throughout the five hours long sessions

### 3.3.3 – STRATEGY: Manage expectations

An experienced and resourceful organizer can head off the risk of meetings being diverted onto tangents by managing expectations in private conversations beforehand, as happened with good effect on numerous occasions with the **Bosnia** Bulldozer Initiative. One possibility is to play what has been called the “divorced parents” strategy, intimating privately to each of two parties who are in a state of potential conflict that the other is prepared to take a conciliatory stance. Another is to discuss with participants in advance when a disruptive contribution is expected and seek a general agreement to move on swiftly, heading off the chance of a reaction which would then lead to a time-consuming detour from the agenda.

It is important for the leaders of the partnership, and especially if donors are very involved, not to allow expectations to be raised which will cause disappointment by not being fulfilled. In Balikpapan, **Indonesia**, when a team from the World Bank visited to discuss the founding of a competitiveness partnership, it found instead a widespread expectation of financial help.<sup>123</sup> In discussing Africa’s Investor Councils, a report notes that “care needs to be taken to not over estimate and not over promise what the Council can achieve, as bitter cynicism is second nature here for many.” In **Mali** in particular, “[w]ith the very public launch of the PIAC in September 2004, with extensive press and TV coverage, some members of the government and the private sector expressed concern over the inevitability of disappointment of the public as council results cannot match the simplistic expectations of quick and substantial change and investment growth in the country.”<sup>124</sup>

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<sup>119</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999, p32

<sup>120</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p16-18

<sup>121</sup> *Ibid.*, p6

<sup>122</sup> *Ibid.*, p38-40

<sup>123</sup> *City of Balikpapan Report on a Regional Private Sector Forum* - Bernard Drum, Megawati Sulistyono and Haryunani Kumololoras, World Bank, June 2002

<sup>124</sup> *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005



### 3.3.4 – STRATEGY: Make participants accountable to press and peers

The **Bosnia** Bulldozer Initiative also exemplifies the usefulness of public relations in maintaining enthusiasm and getting results. Part of this effect comes from communicating the benefits of participation to businesspeople, reminding them of why it is worthwhile putting in the effort. But another important element of the media strategy – one which has also been used in **Nigeria's** Better Business Initiative – is to use public declarations of intent as a means of creating expectations, which then creates pressure to achieve concrete results.

Using working groups as a filter process for proposals can also be used as a means of creating pressure for plenary meetings to be oriented on results. If a working group has, say, twenty possible proposals to consider but a limit of three that it can put to the plenary session, this creates substantial peer pressure on the head of the working group to get the three which are chosen approved.

### 3.3.5 – STRATEGY: Live and let die

It may be unproductive to throw energy into seeking to prolong the active life of a specific partnership mechanism which achieved initial successes but seems to be losing momentum. Often consultative mechanisms accompany a specific reform agenda, and as a consequence have limited lifetimes; the important thing is the principle of partnership, not the specifics of a particular mechanism of interaction. Successful but short-lived initiatives which are allowed to die a natural death can gain an iconic value, enabling businesses and government officials to look back on them with pride and as a positive reference point to be cited as an example.

“Many of the lasting accomplishments of consultative mechanisms are closely linked to their origins, to the entry points for the initial participants. It may not be such a bad thing for them to simply fade away if they help participants deal with their original concerns.”  
**Paul Ballard, former Lead Industrial Economist, World Bank Group**

When planning a competitiveness partnership, founders should give thought to how it might ultimately be dismantled. As discussed in 2.1, initiatives often arise to fill an institutional vacuum – but by aligning the structure of the initiative with existing but dormant or underperforming institutions, founders can increase the chance of positively diffusing the energy that remains when the initiative has run its natural course. This has happened with some success in **Bosnia**, where some of the energy generated by the Bulldozer Initiative has revitalized the Social and Economic Council and some of the forward momentum from the regional working groups has also given a boost to Regional Development Associations. In **Suriname**, the World Bank's Foreign Investment Advisory Service sponsored in 2005 a narrowly focused public-private dialogue organized to find a compromise between the Ministry of Finance and the private sector on amending the Law on Investment. Once the initiative reached its goal of presenting a new legislation to parliament, it was dismantled. But the process, through which three leading business associations worked hand in hand for the first time, led to the revival of the Suriname Business Forum. The Forum had been created a few years earlier, but had never seemed to gain its own momentum and had therefore remained basically an institutional empty shell, until it benefited from the termination of the public-private dialogue initiative on the Law on Investment.<sup>125</sup>

## 3.4 – CHALLENGE: The one-man band

**THE CHALLENGE: Competitiveness partnerships may rest too heavily on the personal involvement of a senior government figure or adviser, with the result that when that person loses influence or interest or office, the partnership fails.**

It is inevitable that competitiveness partnerships will rely to some degree on the enthusiasm and commitment of key individuals, and the personal involvement of top-level government figures is one of the determining features of success. But building the partnership too closely around individuals constitutes a significant risk. The personal involvement of a country's leader has been crucial in the relative success of the World Bank-initiated Investor Councils in several African countries – the activity of **Senegal's** president in chairing Council meetings and holding press conferences was seen as a major reason why more early progress was achieved there than in **Ghana**, where the President initially delegated the chair to another minister.

<sup>125</sup> Mission notes, Benjamin Herzberg, World Bank, 2005

In **Botswana**, the effectiveness of sub-committees of the High-Level Consultative Committee are seen to vary widely from ministry to ministry, depending on the personalities involved – some ministers are enthusiastic, while others regard it as an irksome duty.<sup>126</sup> In **Malaysia**, the effectiveness of committees is “primarily a function of who was the head”.<sup>127</sup> In **Uganda**, the president’s personal backing was critical to getting reforms proposed by the National Forum implemented – when his interest waned, so did results.<sup>128</sup>

#### **3.4.1 – STRATEGY: Generate support from the bottom-up**

While it may take the involvement of a key individual to get a competitiveness partnership started, the partnership can seek to develop a groundswell of goodwill to support it in case the enthusiasm or influence of that key individual wanes. The support of High Representative Paddy Ashdown was key to getting the Bulldozer established in **Bosnia**, but its strategy of generating popular enthusiasm quickly enabled it to press ahead using its own momentum.

While personal commitment from senior government figures is a necessary condition of progress, outreach efforts that cause the public to look favorably on competitiveness partnerships can give individual politicians an incentive to be more enthusiastic and can hence minimize the effects of a change in government personnel.

#### **3.4.2 – STRATEGY: Foster realistic expectations**

Part of the problem with competitiveness partnerships losing steam when an individual becomes less involved can consist of unrealistic expectations initially raised by that individual’s involvement. With the active support of High Representative Paddy Ashdown, phase one of **Bosnia’s** Bulldozer Initiative successfully passed all 50 of its proposed reforms. When Ashdown inevitably took more of a back seat during phase two, the success rate reduced to 30 out of 50 reforms getting implemented. Many of the participants consequently became discouraged, though this relatively disappointing tally would nonetheless be considered a remarkable strike rate by most seasoned lobbyists. In retrospect, more of an effort should have been made to educate participants in the frustration and failures likely to be involved in dialogue when the effect of the initial high-profile individual political support had worn off.

### **3.5 – CHALLENGE: Playing politics**

**THE CHALLENGE: Competitiveness partnerships may become too closely aligned with political factions, risking either a failure to persist across a change of administration or alienating the government by championing reforms which are closely identified with opposition groups.**

When leading businesspeople are also leading figures in opposition political parties, governments may either be suspicious of engagement in a competitiveness partnership or keen to sideline opposition figures, which means the partnership will not have the credibility needed to persist across changes of administration. In the context of a **Nigerian** consultation mechanism, UNIDO commented on the dangers of partnerships “put in place by the current political leadership with very little involvement of all political groups. For sustainability, it is important that all political groups are committed to the process and that the processes have a legal framework”.<sup>129</sup>

Similarly, the effectiveness of the National Dialogue in **Bolivia** has been hampered by the skepticism with which it is viewed by opposition political groups. ““A number of politicians were said to be aggrieved about the Dialogue, which they viewed as a judgement of the international community that democracy is not working, and one commentator noted that although the opposition participated, they did not “believe” in it.”<sup>130</sup>

Political tensions may come to undermine even an established competitiveness partnership. The Private Enterprise Foundation had enjoyed considerable success in **Ghana** when it announced a “summit” to discuss economic policy reform; embarrassed by the implication that it had lost control of the dialogue, the government

<sup>126</sup> *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002, p13

<sup>127</sup> *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999, p22

<sup>128</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p22

<sup>129</sup> *Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria* – UNIDO, April 2002, p17

<sup>130</sup> <http://www.worldbank.org/participation/web/webfiles/bolivia.htm>

responded by downgrading the “summit” to a “forum” and handing organizational responsibility to another group. A large part of the problem was felt to be that the “PEF’s broadly representative membership roster necessarily came to include some businesses that were openly aligned with opposition leaders or organizations”.<sup>131</sup>

### **3.5.1 – STRATEGY: Use outreach to de-politicise**

While care should be taken when setting up competitiveness partnerships to aim for a membership which is broadly representative and not overly identified with any political group, in practice this can be difficult to achieve. An effective outreach program can help to de-politicize the process by emphasizing the practical benefits to real people: if public opinion becomes generally supportive of the competitiveness partnership and sees it as genuinely aiming to advance the interests of society at large, politicians of all persuasions are less likely to seek to obstruct dialogue or allow it to lapse when power changes hands.

Presentational skills are key as battles must be chosen carefully – it makes sense to concentrate on explaining reforms that can be framed simply so that everyone can understand. Ways must be found to humanize the reforms so that everyday people can relate to the benefits they are bringing. In **Bosnia**, every day for three months a newspaper published a column featuring a photograph of an entrepreneur and answers to a standard set of questions about how his or her business would benefit from a Bulldozer reform; this alone did much to further public understanding and support.

### **3.5.2 – STRATEGY: Woo parliamentarians and local politicians**

Direct outreach to parliamentarians and local politicians can help to defuse political tensions. In **Bosnia**, the Bulldozer Committee organized meetings with parliamentary working groups at which every Bulldozer working committee head was present. The parliamentarians were not only pleased to receive such comprehensive personal attention, they were able to understand that the initiative involved real people who were influential constituents of theirs, and was not just composed of international agencies and the executive branch.

## **3.6 – CHALLENGE: Undermining others**

**THE CHALLENGE: New mechanisms for consultation may duplicate the work of existing mechanisms, causing confusion and overburdening participants.**

Some competitiveness partnerships may become victims of their own success. In **Uganda**, the initial success of the National Forum led to the creation of similar organizations which duplicated the work and diluted the effectiveness of the original by overburdening individuals and confusing lines of communication: “Everyone had discovered the value of holding a dialogue from an informed perspective. Now so many players are jumping into the policy arena.”<sup>132</sup>

If competitiveness partnerships are set up as initiatives, separate from any existing institution, it can be hard for them to avoid competing with institutions. Indeed, one of the reasons a new competitiveness partnership may be needed is that existing institutions are failing to fulfill their role. Sometimes this can work out well: the Bulldozer Initiative capitalized on the vacuum created by the moribund Social and Economic Council in **Bosnia**, and ultimately came to be institutionalized as part of a revitalized Social and Economic Council; viewed from an institutional point of view, Bulldozer merely bridged a gap in the active life of an existing institution. But it is always necessary to give careful thought to whether a competitiveness partnership will be encroaching on ground which is already adequately covered elsewhere.

### **3.6.1 – STRATEGY: Bring existing institutions on board**

Transparency of process and inclusion of all relevant parties are the key factors in avoiding exclusion of existing institutions and interests. The World Bank’s Investor Councils in Africa seek to follow this approach: “[t]here was great resistance to the idea of creating new consultative structures, unless the existing structures were deemed

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<sup>131</sup> *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999, p36

<sup>132</sup> *Institutional Strategy for the Uganda National Forum* – USAID, September 1997, p19

unsalvageable.”<sup>133</sup> The **Tanzanian** Investors Round Table, for instance, has its secretariat run by the Tanzania National Business Council (TNBC), established in 2001 as a public-private forum of the Tanzania Private Sector Foundation (TPSF). The World Bank also brought existing institutions on board when setting up investor councils in **Uganda** (the Ugandan Investment Authority) and **Senegal** (APIX).

### 3.6.2 – STRATEGY: Include ministerial technical staff

One of the commonest risks of duplication occurs when a competitiveness partnership is located in the president’s office and ministries are excluded from working groups that are covering their turf, creating alienation and resentment among the politicians and civil servants who will ultimately be responsible for implementing any reform proposals. This became a problem in **Bosnia** where the creation of an Emergency Reform Unit in the Prime Minister’s Cabinet office was seen by some as unnecessarily duplicating the work of ministries. A solution is to take a two-step approach of securing the responsible minister’s initial agreement for the broad thrust of the reform effort, and then including lower-level technical staff from the ministry in conducting research and drawing up proposals. When a ministry’s technical staff is involved in putting together the proposals for reform, they are likely to enjoy a smoother passage within the ministry; an example is the smooth and efficient passing of a package of tax reforms as part of the Bulldozer Initiative.

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<sup>133</sup> *Investor Councils in Africa: Scoping Study Results* – Melissa Bennett, World Bank, April 2001, p4

## Conclusion

If managed well, competitiveness partnerships can be of crucial importance to the investment climate reform process.

The range of benefits they can bring about, either in “hard” results (such as proposal and implementation of policy reforms, better implementation or better macro performance) or in “soft” ones (such as building trust, transforming lobbying into advocacy, fostering better governance, improving regulatory impact assessment practices in government or building bridges within the civic society) is unmatched.

The authors have reviewed a checklist of issues for private sector advocates, public authorities and development practitioners to consider, as a resource. The variety of choice may seem overwhelming. But there is no “one-size-fits-all” type of public-private dialogue mechanism. For that reason, investing time, resources and attention to designing a mechanism which would best fit a particular situation is crucial. At a time where trade liberalization has brought a renewed pressure for countries to dramatically improve their competitiveness, governments are compelled to work even closer with the private sector. When public authorities, entrepreneurs - and subsequently, donors - fine-tune their engagement with each other through credible public private dialogues, their coordinated actions can ensure a stronger impact of policies on investment, employment and growth.

Competitiveness partnerships need to be nurtured over the long term. As an umbrella process and a focused outlet for engagement of all relevant actors, definition of reform priorities, consensus building and filtering, proposition, implementation and monitoring of PSD reforms, launching them adequately is not close to being sufficient. Maintaining the momentum, periodically reviewing processes and results, and efficiently addressing the risks involved with maintaining a lively and productive dialogue are crucial issues. In that regard, the quick look this study took at how partnerships have performed over time in many countries is revealing. Many partnerships have been transformed into ineffective talk shops. Others got entrenched into political mazes. Some were well structured, but could not survive the loss of their champion nor a relocation to a different host institution. Maybe those partnerships were not meant to live long, and should be judged only on their short-lived life. This review has addressed many strategies that could help avoid those risks. Managing expectations, structuring the partnership in a way that enables it to be reactive to change and reaching out to a range of stakeholders are just a few of the many techniques that were enumerated. If applied with dexterity, the authors believe they could enable those involved with public-private dialogues to take the necessary steps to maintain the momentum and effectiveness of such structures.


The aim of this study was to disseminate knowledge, good practices and lessons learned on public-private dialogues. The authors hope that this endeavor will persuade governments, private sector advocates and the donor community to build up more operational capacity and coordinated support for such mechanisms, as competitiveness partnerships remain a crucial tool in helping them work together fruitfully at improving the investment climate.

## Annex I: Checklist



Competitiveness partnerships consist of structured dialogue between the government and private sector to improve the investment climate. This checklist is provided as a quick way for those involved in the design or running of a competitiveness partnership to see how it shapes up against the main factors we have identified. The checklist follows the structure of part two of the paper, incorporating also some ideas from part three.

While the checklist addresses issues in detail, the summary table enable practitioners to quickly assess partnerships by using a more convenient matrix format.

	Range of issues to identify and tackle while designing or maintaining partnerships					
<b>1- Ignition</b>	Government willingness	Cross-spectrum support	Business priorities	Linkages with existing organizations	Sense of urgency	Establishing credibility
<b>2- Participation</b>	Selection mechanisms	Terms of membership	Choosing key individuals	Striking a balance in representation	Including SMEs	Civil society participation
<b>3- Structure</b>	Permanent secretariat	Individual leadership	Working groups	Government structure	Transparency and rules of engagement	Institutional flexibility
<b>4- Goals &amp; outputs</b>	Mission statements	Managing expectations	Quantifiable outcomes	Reform type and importance	Monitoring and accountability	Clarity and credibility
<b>5- Role of donors</b>	Type and level of support	Public image	Quality control	Avoiding favoritism	Sponsorship v. direction	Ownership transfer
<b>6- Outreach</b>	Branding and marketing	Using the media	Engaging the grassroots	Enlisting the public	Targeting decision-makers	Sharing experience

### 1. Ignition

#### **– Government willingness**

Are government leaders personally enthusiastic about dialogue?

#### **– Cross-spectrum support**

Have key opposition leaders been persuaded that dialogue is intended to be politically neutral?

#### **– Business priorities**

Are businesses organised into associations which can provide a representative list of areas of concern? Is field research needed to determine priority areas?

#### **– Existing organisations**

Can dialogue be established through harnessing existing structures which are moribund or ineffective or successful but only in a limited sphere? If a new structure is required to fill a vacuum, does it avoid duplicating or undermining the work of existing organizations?

– ***Sense of urgency***

Is there a sense of urgency arising from a commonly-recognized need to solve a pressing problem? Can such a sense be generated by focusing public awareness on a commonly-recognized problem? Can it be generated through PR, media management, holding a high-profile forum, or imposition of artificial deadlines?

– ***Establishing credibility***

Is there a need or scope for the government to build trust by making a visible commitment which can be verified in a short time? Have respected individuals in the business community been enlisted to act as “champions” among their peers? Is the sponsor credible in terms of providing sufficient funds without undermining legitimacy?

## **2. Organizing participation**

– ***Selection mechanisms***

What is the mechanism for deciding who will be invited to participate? Are there clear and explicit criteria for membership which minimize the risk of resentment from those who are excluded? Are there credible safeguards against the possibility of privileged access to ministers conferring unfair business advantages?

– ***Terms of membership***

Will membership be permanent or ad hoc, or a combination such as permanent membership of plenary body with ad hoc invitations to join issue-driven working groups? Will members attend as representatives of their organizations or as private individuals? Are members required to make commitments, such as organizations being represented by the same individuals, or membership lapsing with poor attendance?

– ***Choosing key individuals***

Are public sector representatives drawn from the highest possible levels of government? Has every effort been made to involve companies which enjoy a good reputation for social responsibility? Are individuals involved who are widely respected, dynamic, open-minded, unafraid to speak their minds, and who seem likely to be motivated as much by public spirit as their own personal financial interests? Are enough women involved?

– ***Striking a balance***

Is the membership small enough to create a reasonable probability of cohesion and efficiency, while broad enough to reduce the risk of institutional capture and to have legitimacy in the eyes of the public?

– ***Including SMEs***

Are home-grown SMEs adequately represented? Has the partnership made adequate efforts to harness existing business member organizations and chambers of commerce? If no strong, credible and representative business associations exist, can existing associations be strengthened or new ones formed?

– ***Civil society***

Has adequate consideration been given to the pros and cons, in terms of logistics versus legitimacy, of involving representatives of civil society, such as labor unions, consumer groups, environmental groups, NGOs, academics, media and research institutes?

## **3. Structure**

– ***Permanent secretariat***

Is there a permanent secretariat – either free-standing or lodged within a participating organization – responsible for arranging meetings, distributing agendas and minutes, operating as contact point, etc? Does the secretariat have sufficient funding, logistical capacity and experience among its staff experience to establish credibility?

– ***Individual leadership***

Is the head of the secretariat a dynamic, experienced and well-informed individual who will be able to command the trust and respect of all participants?

– ***Working groups***

Are working groups to be organized by issue, by industry, by region or by some combination of factors? What is the mechanism for deciding on the agenda and composition of each working group, and for deciding when specific working groups need to be reformed or disbanded and new ones set up?

– **Government structure**

Has the structure of the partnership been designed to mesh with the government's decision-making structure? Are technical staff from relevant ministries invited to give input? Has sufficient consideration been given to establishing dialogue with decision-making entities at local, regional and cross-national levels?

– **Setting the tone**

Is there an explicit commitment to supporting transparency, openness and the ability to speak freely? Is there a commitment to no items being off-limits for discussion?

– **Managing commitment**

Is there a clear timetable for meetings, publicized well in advance? Are agendas clear and focused and accompanied by thorough advance research, allowing meetings to proceed quickly and efficiently? Are efforts made to minimize demands on time so as to be reasonable to expect from busy individuals?

– **Flexibility**

Does the structure include the flexibility to reform itself if its initial set-up proves to be insufficiently effective? Has thought been given to possible ways of handling scenarios in which the partnership needs to be dissolved?

**4. Setting the goals – and reaching them**

– **Mission statements**

Are general objectives clearly defined, such as improving competitiveness and building relationships?

– **Managing expectations**

Has the partnership avoided the risk of raising expectations too high and setting the stage for disillusionment?

– **Quantifiable outcomes**

Are there specific targets – for example, achieving legislative reforms, publishing “business roadblocks” and “business roadmaps”, holding conferences, improving a country’s position in international league tables – which are concrete enough for stakeholders to be able to assess the partnership’s effectiveness?

– **Low-hanging fruit**

Have specific reforms been set as immediate priorities which are achievable in the short term, affect the private sector broadly and command wide social acceptance?

– **Monitoring and accountability**

Are monitoring and accountability mechanisms in place to ensure that agreements in principle translate into action on the ground? Do these mechanisms also serve to build public confidence by increasing transparency and reducing the risk of subversion into rent-seeking activities?

– **Clarity and credibility**

Is sufficient expertise available to ensure that policy papers and reform proposals are clear, credible, thoroughly researched and compellingly argued?

**5. Role of donors**

– **Public image**

Is the donor organization’s role commensurate with its public image – ie a cheerleader role if it is trusted and respected, a behind-the-scenes role if it is the object of public suspicion?

– **Avoiding favoritism**

Does the donor’s involvement raise any prospect of emphasizing the interests of some stakeholders above those of others?

– **Backseat driving**

To what extent is the donor willing to provide funding, logistical support and advice while leaving it up to the participants to decide on recommendations and reforms? Is the donor’s sponsorship primarily a means of getting its own agenda implemented, and does this create credibility and legitimacy problems?



– ***Transferring ownership***

Is funding committed for a sufficiently long period to establish credibility in the partnership's sustainability? Does the donor have a long-term plan for helping the partnership ultimately to generate its own means of support?

**6. Outreach**

– ***Branding and marketing***

Has the partnership been given a strong brand identity with a name that succinctly captures its aims, and a logo that features prominently on all press releases, documents, photo opportunities etc?

– ***Using the media***

Is there a policy of open and active engagement with journalists? Are public announcements of aims used as a way of creating pressure on the participants to live up to expectations?

– ***Engaging the grassroots***

Have efforts been made to engage SMEs, through existing business associations and/or directly through eg mail-outs, field research, travelling roadshows? Is there a quick, simple and well-publicised method for stakeholders to submit recommendations for inclusion in the reform agenda?

– ***Enlisting the public***

Has a website been set up to disseminate information and request feedback? Is there a marketing strategy to drum up support for reform among the general public, by explaining in easy-to-grasp terms the benefits of reform for ordinary people?

– ***Targeting decision-makers***

Are there specific efforts to reach out to parliamentarians and local-level politicians whose motivations can be critical in the practical implementation of reforms?

– ***Sharing experience***

Are mechanisms in place to share experience and best practice with other competitiveness partnerships, at subregional, regional and global levels?

## **Annex II: Online resources**



Ideas and examples for this paper have been taken from a wide range of resources, many of which dealt only tangentially with competitiveness partnerships and/or are not in the public realm. For those interested in further recommended reading, this is a select list of the online studies the authors found most thorough and insightful.

### **General**

#### **Survey of Good Practice in Public-Private Sector Dialogue – UNCTAD, 2001**

[http://www.unctad.org/en/docs/iteteb4\\_en.pdf](http://www.unctad.org/en/docs/iteteb4_en.pdf)

A helpful distillation of some best practice in public-private dialogue drawn from experiences in several countries, with emphasis on SME promotion in the developing world. Especially valuable on identifying the conditions and culture which are conducive to dialogue and on discussing the role of private sector representative organizations.

#### **Participation Revisited: A Managerial Perspective – Benjamin Crosby, USAID, April 2000**

[http://www.dec.org/pdf\\_docs/PNACM018.pdf](http://www.dec.org/pdf_docs/PNACM018.pdf)

A philosophical and practical overview of the value and limitations of participation in formulating public policy. Discusses the costs and benefits of efforts to increase participation, identifies circumstances which are most propitious, and assesses some practical problems of expanding participation and strategies to deal with them.

#### **Promoting Competitiveness In Practice: An Assessment of Cluster-Based Approaches – Mitchell Group, for USAID, November 2003**

<http://www.bdsknowledge.org/dyn/bds/docs/254/USAID-Mitchell-Clusters.pdf>

Looks at public-private dialogue from the angle of working with industry clusters rather than investment climate reforms which affect a country's whole economy. Looks in depth at USAID experiences in Mexico and Mongolia and also draws on other country experiences to distil lessons for promoting competitiveness through clusters.

### **Regional – Eastern Europe**

#### **Social Dialogue and EMU in the Candidate Countries: Estonia, Hungary, Malta, Poland and Slovenia – European Foundation for the Improvement of Living and Working Conditions, 2003**

<http://www.eurofound.eu.int/publications/files/EF0340EN.pdf>

Describes a project to use tripartite dialogue – government, trades unions, business – in five EU candidate countries to help them prepare for meeting the Maastricht criteria for joining the Euro. Split into five individual country reports which contain useful discussions of the state of public-private dialogue in each country.

#### **Social Dialogue in Central and Eastern European countries: trends, issues and challenges – Giuseppe Casale, International Labour Office, December 2002**

<http://www.ilo.org/public/english/region/eurpro/geneva/conf/malta/dialogue.htm>

Comprehensive analysis of the changing state of public-private dialogue in sixteen countries in Central and Eastern Europe. Looks at some of the challenges faced by transition economies, especially in industrial relations and enterprise development, and usefully explores the scope of social dialogue to manage change.

#### **Social Dialogue in European Union Candidate Countries – European Trade Union Confederation, September 2001**

<http://www.euractiv.com/Article?tcmuri=tcm:29-117167-16&type=Analysis>

Takes stock of social dialogue in the ten Central and Eastern European EU candidate countries plus Turkey, Cyprus and Malta. Especially good at outlining the legal, institutional and political basis of employer and trade union organizations, and assessing how effective interaction between them is in preparing for EU membership.

### **Regional – Africa**

#### **Participation, Consultation and Economic Reform in Africa: Economic Fora and the EG-DG Nexus – Center for Democracy and Governance, Bureau for Global Programs, Field Support, and Research, USAID, October 2001**

[http://www.usaid.gov/our\\_work/democracy\\_and\\_governance/publications/pdfs/pnacm002.pdf](http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/pnacm002.pdf)

Looks at specific experiences of dialogue in Uganda, Ghana, South Africa and Zimbabwe to explore the relationships between dialogue, economic growth and democratization. Especially interesting on the connections and potential tension between growth and democratization and the role of donors in addressing that tension.

### **Regional – Pacific**

#### **Public-Private Sector Partnerships – Pacific Islands Forum Secretariat, July 2002**

<http://www.forumsec.org.fj/docs/FEMM/2002/femv05.pdf>

Discussion paper for a meeting of economic ministers of Pacific Islands Forum countries on the subject of public-private dialogue. Contains a good exploration of general lessons about dialogue – its aims and scope and best practice in implementation – together with discussions of experiences both in the Pacific region and beyond.

### **National – Bosnia**

#### **Investment Climate Reform: Going The Last Mile, The Bulldozer Initiative in Bosnia and Herzegovina – Benjamin Herzberg**

[http://econ.worldbank.org/files/38171\\_wps3390.pdf](http://econ.worldbank.org/files/38171_wps3390.pdf)

Comprehensive exploration of the establishment of the acclaimed Bulldozer project in Bosnia and Herzegovina. Especially valuable in describing how innovative outreach and media management techniques were used to build bottom-up support for economic reform, change social attitudes and enthuse small and medium entrepreneurs.

### **National – Botswana**

#### **Structured Public-Private Sector Dialogue: The Experience from Botswana – Dr Anthony Land**

[http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Content.nsf/0/98e4a925ac004ee1c1256c7e003aca9c?OpenDocument](http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/0/98e4a925ac004ee1c1256c7e003aca9c?OpenDocument)

Based in part on illuminating interviews with participants, provides a helpful general synopsis of public-private dialogue in Botswana, describes how the current structures for dialogue evolved and how they function, and contains a useful discussion of their respective strengths and weaknesses and lessons that can be learned.

### **National – Bulgaria**

#### **Effectiveness of Public-Private Dialogue in Bulgaria – Petya Mandova**

[http://www.ime-bg.org/pdf\\_docs/public-private\\_dialogue\(revised\).doc](http://www.ime-bg.org/pdf_docs/public-private_dialogue(revised).doc)

Discusses the role that public-private dialogue has played in changes in the Bulgarian business environment since the mid-1990s. Explores both formal and informal consultative mechanisms. Especially useful for the negative lessons that can be learned from instances of dialogue that have not been found effective.

### **National – Ghana**

#### **Government-Business Relations in Ghana: The Experience With Consultative Mechanisms – Joseph Ayee, University of Ghana, Michael Lofchie, UCLA, Carolina Wieland, UCLA, October 1999**

<http://www.sscnet.ucla.edu/polisci/faculty/lofchie/ghanastudy.pdf>

Lengthy and comprehensive assessment of the strengths and weaknesses of several attempts at establishing public-private dialogue in Ghana during the 1990s. Especially useful for its discussion of the difficulties involved in setting up dialogue in an atmosphere of long-held mistrust between the public and private sectors.

### **Also recommended but not available online**

#### **Consultative Mechanisms and Economic Governance in Malaysia – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999**

Exploration of the “Malaysia Inc” policy of public-private consultation. Useful descriptions of the various strands of dialogue and assessments of the strengths and weaknesses of the policy. Especially interesting for the personal insights provided by participants in the dialogue, collected through interviews during field research.

**Consultative Mechanisms in Mexico – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000**

Tells the history of Mexico’s economic pacts in the late 1980s and the use of public-private dialogue during Mexico’s NAFTA negotiations. Especially interesting on the subject of institutional capture and as an exploration of an example of dialogue which is atypical in pursuing binding agreements to tackle an urgent problem.

**Public-Private Sector Consultative Mechanisms (Assessment of existing arrangements and potentials for a sustained public-private partnership in Nigeria) – UNIDO, April 2002**

Succinct history of public-private interaction in Nigeria and assessment of the state of play before the recent establishment of the Better Business Initiative. Useful discussions of lessons learned from the difficulties of pursuing dialogue in an atmosphere of mistrust and of the potential for dialogue to improve governance.

**Public-Private Partnerships for Economic Development and Competitiveness, with Special Reference to the African Experience – UNIDO, April 2000**

Very useful distillation of best practice and lessons learnt from assessing experiences of dialogue in eight African countries: Cote d’Ivoire, Ghana, Nigeria, Senegal, South Africa, Sudan, Tanzania and Zambia. Also good on the different techniques to be employed in devising dialogue structures for both cluster and macro purposes.

### **Annex III: Partnerships summaries**

This annex contains brief outline descriptions of competitiveness partnerships referenced in this work. It does not aim to be either exhaustive in the partnerships it lists or comprehensive in the descriptions it provides. If you know of a competitiveness partnership we have not mentioned which offers useful guidance for future versions of this paper, please tell us about it by completing and returning the form at the end of this annex.

**Country:** **Bolivia**  
**Initiative:** **National Dialogue**  
**Dates:** **1997 –**

**Comments:** The first National Dialogue in 1997 was a government-led project intended to involve society in formulating a national development plan. It made some progress but was widely regarded as a disappointment because expectations had been raised among a wide range of stakeholders but relatively few concrete results were achieved. A similar response greeted the next National Dialogue in 2000, organized by the government at the behest of the World Bank and IMF to assist in the framing of the national poverty reduction strategy.

**More info:** [www.worldbank.org/participation/web/webfiles/bolivia.htm](http://www.worldbank.org/participation/web/webfiles/bolivia.htm)  
[www.christian-aid.org.uk/indepth/0204part/bolivia.pdf](http://www.christian-aid.org.uk/indepth/0204part/bolivia.pdf)

**Country:** **Bosnia and Herzegovina**  
**Initiative:** **Bulldozer Initiative**  
**Dates:** **2002 –**

**Comments:** Sponsored by five international donors, led by the Office of the High Representative. Used roadshows and media outreach to involve SMEs, distributing a simple form on which entrepreneurs could submit reform proposals. Set the target of passing “50 economic reforms in 150 days” in its first phase. Into its third phase at the time of writing, with increased local ownership and representation expanded to labor groups. Regarded as a model for generating bottom-up support and successful use of the media.

**More info:** *Investment Climate Reform – Going the Last Mile: The Bulldozer Initiative in Bosnia and Herzegovina* – Benjamin Herzberg, World Bank, September 2004;  
[www.bulldozer.ba](http://www.bulldozer.ba) (English)  
[www.bulldozer.ba](http://www.bulldozer.ba) (with one “l” only, in Bosnian, more up to date)

**Country:** **Botswana**  
**Initiative:** **High Level Consultative Council**  
**Dates:** **1996 –**

**Comments:** Meets twice yearly, chaired by the president, with membership drawn from senior politicians and civil servants, business representatives nominated by associations, and other stakeholders invited on an ad hoc basis. Sector-based groups meet quarterly. Private sector sets the agenda, with government having veto power. Also functions as a monitoring body for agreements reached at biennial National Business Conferences.

**More info:** *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002

**Country:** **Botswana**  
**Initiative:** **National Business Conference**  
**Dates:** **1988 –**

**Comments:** Biennial conference initiated by the Botswana Confederation of Commerce, Industry and Manpower in 1988. Initially an advocacy event but evolved into a spirit of partnership and spawned the High Level Consultative Council, which made public-private dialogue more frequent and structured.

**More info:** *Case Study on Structured Public-Private Sector Dialogue, The Experience from Botswana* – Dr Anthony Land, May 2002

**Country:** **Bulgaria**  
**Initiative:** **Coalition 2000**  
**Dates:** **1997 –**

**Comments:** Launched by non-profit organization the Center for the Study of Democracy with the support of USAID, aimed at improving Bulgaria’s record on corruption. Organizes an annual conference for 40-50 senior representatives of the public and private sector and other public personalities, at which an anti-corruption Action Plan is discussed and adopted. This partnership has resulted in a dramatic improvement in Bulgaria’s standing in the Transparency International corruption league table.

*More info:* [www.anticorruption.bg/eng/coalition/about.htm](http://www.anticorruption.bg/eng/coalition/about.htm)

*Country:* **Cambodia**

*Initiative:* **Private Sector Forum**

*Dates:* **2002 –**

*Comments:* Seven working groups, six of which are sector-based and one issue-based, with a Coordinating Bureau – funded by the International Finance Corporation and AusAID – providing organizational focus and logistical support. Biannual meetings chaired by the Prime Minister with representatives from government, business and the donor community. Achieving steady progress in building trust and initiating reforms.

*More info:* *Cambodia: Coordinating Bureau of the Private Sector Forum (Supported by International Finance Corporation, Australian Agency for International Development) Progress Report January 2002 - January 2004* – James Brew, March 2004

*Country:* **Cameroon**

*Initiative:* **Competitiveness Committee**

*Dates:* **1998**

*Comments:* Created by presidential decree with support from the World Bank. Results were disappointing as the committee was effectively captured by members of one business association.

*More info:* *Business-Government Consultative Mechanisms* – Agata E Pawlowska, May 2001

*Country:* **European Union**

*Initiative:* **Regional Innovation Strategies**

*Dates:* **2000 –**

*Comments:* Public-private dialogue is a key part of this funding initiative which aims to help the EU's poorer regions to become more competitive through greater innovation. Each regional project is different, but an industry cluster approach is often adopted.

*More info:* [europa.eu.int/comm/regional\\_policy/innovation/pdf/guide\\_ris\\_final.pdf](http://europa.eu.int/comm/regional_policy/innovation/pdf/guide_ris_final.pdf)

*Country:* **Ghana**

*Initiative:* **Private Sector Advisory Group**

*Dates:* **1992-1993**

*Comments:* Initiated by World Bank through personal contacts with Minister of Finance. Narrowly-based, with three government representatives and six from multinational corporations. Led to the repeal of some laws but viewed by the public as unrepresentative. Collapsed after a year when the Minister of Finance left government.

*More info:* *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999

*Country:* **Ghana**

*Initiative:* **Private Sector Roundtable**

*Dates:* **1993-1994**

*Comments:* Initiated by the World Bank, with 50 representatives chosen by World Bank with the aim of broadly representing Ghanaian business, including SMEs. Met weekly with six sub-committees, no official mandate and no limits on topics open for discussion, leading to lack of focus. Some minor successes but faded away after submitting a report to government which did not generate action.

*More info:* *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999

*Country:* **Ghana**

*Initiative:* **Private Enterprise Foundation**

*Dates:* **1990s –**

*Comments:* Initiated by Ghanaian business community with funding from international donors including UNDP and USAID. Umbrella organization bringing together private sector associations, functions as an advocacy and lobbying group as a broad remit. Momentum waned after early successes when it lost the confidence of the government, and now tends to focus more on raising short-term complaints; meets private sector minister every two months and the president twice a year.

*More info:* *Government-Business Relations in Ghana: The Experience With Consultative Mechanisms* – Joseph Ayee (University of Ghana), Michael Lofchie (UCLA) and Carolina Wieland (UCLA), World Bank Private Sector Development Department, October 1999; *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005.

*Country:* **Ghana**  
*Initiative:* **Ghana Investors Advisory Council**  
*Dates:* **2002 –**

*Comments:* Initiated by the World Bank, with the aim of gathering 15-20 representatives drawn equally from multinationals in Ghana, multinationals not in Ghana, and Ghanaian businesses. Success limited at time of writing, attributed to lack of focus and top-level government enthusiasm.

*More info:* *Investor Councils in Africa: Scoping Study Results* – Melissa Bennett, World Bank, April 2001; *Investors Councils: Status report* – World Bank, April 2003; *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005.

*Country:* **Hungary**  
*Initiative:* **Economic Council and Social Council**  
*Dates:* **1998 –**

*Comments:* Set up by the Hungarian government to replace previous tripartite consultation bodies. The Economic Council includes representatives from government, trades unions, business associations and multinationals and advises on economic policy. The Social Council includes representatives from NGOs.

*More info:* [www.ilo.org/public/english/region/eurpro/geneva/conf/malta/dialogue.htm](http://www.ilo.org/public/english/region/eurpro/geneva/conf/malta/dialogue.htm)

*Country:* **Indonesia**  
*Initiative:* **Private Sector Forum – national and regional**  
*Dates:* **2001 –**

*Comments:* Funded and facilitated by the World Bank Group, the Private Sector Forum operated first at a national level in Indonesia (with support from the IFC) and has spread onto regional levels with support of the World Bank (at the time of writing: Bali, Balikpapan, Makassar, Surabaya) as political power has been decentralized. The aim of the Forum is to promote an open dialogue between business and government.

*More info:* *Private Sector Forum PRE-CGI Mid-Year Review* – Jakarta, Indonesia, IFC, June 2002; *Regional Private Sector Forum Issues Paper* – The World Bank and Municipal Government of Makassar, June 2003

*Country:* **Japan**  
*Initiative:* **Deliberation Councils**  
*Dates:* **1945 –**

*Comments:* Since World War II, Japan has had “deliberation councils” organised both thematically and by industry sector. Consensus is encouraged, with ministries holding hearings for interested parties and research groups producing reports for discussion in the councils. The model has established a good deal of legitimacy, such that proposals with the approval of deliberation councils stand a better chance of passing into law.

*More info:* *Public/Private Consultation Partnerships* – Mark Dorfman and Agata E Pawlowska, World Bank

*Country:* **Malaysia**  
*Initiative:* **Malaysian Business Council / “Malaysia Inc.”**  
*Dates:* **Early 1990s –**

*Comments:* Policy of public-private dialogue dubbed “Malaysia Inc.” was announced in 1983 but became more institutionalized in the early 1990s through the Malaysian Business Council, which has 72 members drawn from business and government, with token labor representation. It has nine working groups, and meets once or twice a year behind closed doors. “Malaysia Inc” also encompasses state-level dialogue and ad hoc consultations by specific ministries, including large-scale annual dialogues by the Ministries of Trade and Finance.

*More info:* *Consultative Mechanisms and Economic Governance in Malaysia* – World Bank Private Sector Development Department, Occasional Paper no 38, September 1999

*Country:* **Mali**  
*Initiative:* **Council Presidential Investment**

*Dates:* **2004 –**  
*Comments:* Seen as complementary to other existing methods of local dialogue, including an annual forum between the private sector and president. Has 21 members and four working groups and its secretariat lodged in the president's office. Has only met once at the time of writing.  
*More info:* *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, January 2005.

*Country:* **Malta**  
*Initiative:* **Malta Council for Social and Economic Development**

*Dates:* **2001 –**  
*Comments:* Tripartite forum comprising representative from government, business and labor unions, established by legislation – replacing a non-statutory body which had existed before – and given the objective of promoting dialogue and making recommendations to the government on social and economic policy. Consists of 14 members appointed by the Prime Minister, with a separate body including three civil society representatives.  
*More info:* [www.mcesd.org.mt](http://www.mcesd.org.mt)

*Country:* **Mauritius**  
*Initiative:* **Joint Economic Council**

*Dates:* **1970 –**  
*Comments:* Co-ordinating body for private sector liaison with government, bringing together nine business associations, which fully fund and each contribute two representatives to the 18-member council. Meetings with the government are held semi-annually and chaired by the prime minister, alongside other subject-specific dialogue mechanisms with relevant ministries on issues such as the budget and WTO.  
*More info:* [www.jec-mauritius.org](http://www.jec-mauritius.org)

*Country:* **Mexico**  
*Initiative:* **Economic Pacts**

*Dates:* **Late 1980s**  
*Comments:* The “pacts” were agreements between representatives of government, business and labor aimed at providing urgent solutions to a spiraling economic crisis. The government set the agenda and invited participants to Friday night talks which would continue into the weekend until an agreement had been reached. A high-level follow-up commission met weekly to track progress and monitor compliance. The pacts had some success in fostering trust between the actors and bringing hyperinflation under control.  
*More info:* *Consultative Mechanisms in Mexico* – World Bank Private Sector Development Department, Occasional Paper no 38, March 2000

*Country:* **Nigeria**  
*Initiative:* **National Council on Industrial Development**

*Dates:* **Late 1980s**  
*Comments:* Established by the government, with representation from private sector associations. Lack of success attributed to lack of focus and commitment from public sector.  
*More info:* *Public-Private Sector Consultative Mechanisms: Assessments of existing arrangements and potentials for a sustained public-private partnership in Nigeria* – UNIDO, April 2002

*Country:* **Nigeria**  
*Initiative:* **Better Business Initiative**, formerly Competitiveness Forum Working Group

*Dates:* **2002 –**  
*Comments:* Bottom-up approach aimed at strengthening change agents and promoting independent policy analysis and advocacy. Donor-funded secretariat together with five working groups each hosted by local institutions and charged with producing one “Business Roadmap” – an overview of the working group’s policy area (which are SME development, infrastructure, agriculture, legal/regulatory reforms and monetary policy) – and five “Business Roadblocks”, specific proposals for reform.  
*More info:* [www.bbi-nigeria.org](http://www.bbi-nigeria.org)

*Country:* **Nigeria**  
*Initiative:* **Abia and Anambra State Implementation Committees**  
*Dates:* **2002 –**



*Comments:* Relatively unstructured dialogue between state-level governments and local businesses based on a cluster approach. Working groups but no permanent secretariat. Dialogue is facilitated by donors through a local contractor and behind-the-scenes influence. The partnership is moving towards greater structure at the time of writing as local champions seek to increase the coordination of committee activities.  
*More info:* Mary Agboli, World Bank.

*Country:* **Nigeria**  
*Initiative:* **National Economic Summit Group**  
*Dates:* **1990s –**  
*Comments:* Private sector advocacy group that aims to influence economic policy. Works through a permanent secretariat and working groups and holds an annual summit. Strong element of local ownership as the secretariat's funding comes from fees paid by private sector members; donors contribute funding towards specific events such as the summits.  
*More info:* Mary Agboli, World Bank

*Country:* **Senegal**  
*Initiative:* **Growth and Competitiveness Review Group**  
*Dates:* **1993 –**  
*Comments:* Created by presidential decree with support from the World Bank. The aim was to address constraints on private sector development, and representation was drawn from government, business organisations, labor, academia and media. There were five commissions, organised by theme. Gradually built credibility and became regarded as a success in creating the right conditions for reforms to take place. Later had its functions merged into a bigger organisation, the Investment Promotions and Major Projects Agency.  
*More info:* *Business-Government Consultative Mechanisms* – Agata E Pawlowska, May 2001

*Country:* **Senegal**  
*Initiative:* **Presidential Investors Council**  
*Dates:* **2002 –**  
*Comments:* Initiated by the World Bank to bring private sector voices face-to-face with government decision-makers. Intended to be divided in equal thirds between local firms, multinationals represented in the country, and multinationals not represented in the country, with a target membership of around 20. Split into four working groups along issue lines, and built on pre-existing consensus to deliver specific policy reform proposals which delivered quick wins and built credibility and momentum.  
*More info:* *Investors Councils: Status report as of April 2003* – World Bank, April 2003

*Country:* **South Africa**  
*Initiative:* **National Economic Development and Labour Council**  
*Dates:* **1995 –**  
*Comments:* Set up by statute and located within the Ministry of Labor, with the aim of fostering growth, equity and social consensus. Brings together government, business, trades unions and representatives of other social groups. Four chambers and various working teams research and make recommendations, which are discussed at an annual summit of around 300 people. A management committee and secretariat control focus and logistics.  
*More info:* [www.nedlac.org.za](http://www.nedlac.org.za)

*Country:* **Suriname**  
*Initiative:* **Suriname Business Forum**  
*Dates:* **2003 –**  
*Comments:* Set up with the help of the EC, the Suriname Business forum first did not fulfill its role of institutional linkage between the government and the private sector. An ad-hoc initiative created in 2005 to amend the Law on Investment seems to have revived it, as three business associations (KKF, ASFA and VSB) have now created a dialogue process with the Ministry of Finance, which they wish to carry on through the Forum.  
*More info:* [www.vsbstia.org](http://www.vsbstia.org) - [www.asfasuriname.com](http://www.asfasuriname.com) - [www.surinamedirectory.biz](http://www.surinamedirectory.biz)

**Country:** Tanzania  
**Initiative:** Tanzania Investors Round Table  
**Dates:** 2002 –  
**Comments:** Initiated by the World Bank to bring private sector voices face-to-face with government decision-makers. Intended to be divided in equal thirds between local firms, multinationals represented in the country, and multinationals not represented in the country, with around 30 members. Designed to fit in alongside existing business advocacy groups. Initially concentrated on five action areas.  
**More info:** *Investors Councils: Status report as of April 2003* – World Bank, April 2003; *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005.

**Country:** Tanzania  
**Initiative:** Tanzania National Business Council  
**Dates:** 2001 –  
**Comments:** Meetings with 25 members selected by private sector associations, chaired by the president, have happened only twice since the launch in September 2001. Has not had significant impact due to problems with preparation and composition.  
**More info:** *Investors Councils: Status report as of April 2003* – World Bank, April 2003; *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005.

**Country:** Turkey  
**Initiative:** Coordination Council for Improvement of the Investment Climate  
**Dates:** 2001 –  
**Comments:** Set up by the Turkish government following a report by the World Bank which channeled feedback from international investors. Chaired by the economics minister and also has representatives from four other ministries and four major business associations. There are ten technical committees, the heads of which meet monthly. Has been instrumental in passing many reforms.  
**More info:** [ccie@hazine.gov.tr](mailto:ccie@hazine.gov.tr)

**Country:** Uganda  
**Initiative:** National Forum  
**Dates:** Early 1994 – 1997  
**Comments:** Funded by USAID. Annual three-day conference, permanent secretariat and working groups that meet monthly to monitor progress from last annual conference and plan proposals for next one. Representatives chosen by a committee that seeks to identify a dynamic mix of individuals, leading to a relatively informal atmosphere. Some concrete achievements but effectiveness waned due to frustration at slow pace of progress.  
**More info:** *Institutional Strategy for the Uganda National Forum* – USAID, September 1997; *Participation, Consultation and Economic Reform in Africa: Economic Fora and the EG/DG Nexus* – USAID, October 2001

**Country:** Uganda  
**Initiative:** Presidential Investors Advisory Council  
**Dates:** 2004 –  
**Comments:** Has 28 members, four working groups and its secretariat lodged in the investment promotion agency. Has met only once at the time of writing.  
**More info:** *Presidential Investor Advisory Councils in Africa Impact Assessment Study* – Natwar Gotecha, World Bank, June 2005.

**Country:** Vietnam  
**Initiative:** Vietnam Business Forum  
**Dates:** 1998 –  
**Comments:** Semi-annual meetings between government, business and international donor community, organised by the IFC, which funds and supports the secretariat. There are two working groups – one of which, Manufacturing & Distribution, is further split into eight working teams – which meet more frequently with government counterparts. Objectives are defined in a charter, and participation is open to all on a voluntary basis. Widely regarded as successful in bringing more trust and understanding between the public and private sectors.  
**More info:** [www.vietnambusinessforum.org](http://www.vietnambusinessforum.org)

## Annex IV: Questionnaire to practitioners



### Competitiveness Partnerships

### Questionnaire to practitioners

**Context:** The World Bank Private Sector Development unit is currently researching lessons learned from competitiveness partnerships – structured dialogue between government representatives and business groups on investment climate reforms. We are trying to gather evidence of what such partnerships can achieve, what can go wrong, and strategies for success. While distilling best practice is difficult because what works in one country may not work in another, we are trying to bring together ideas that governments and stakeholders can draw on to initiate or improve dialogue.

In that context, we would be most grateful if you could take a moment to look at the fifteen questions below and contribute your insights.

**Objectives:** We are looking for two things:

- we want to make sure our experience is current, because many of the published sources on country-specific dialogue experiences are several years out of date;
- we want to gather examples, anecdotes and informed opinions.

We would appreciate if you could be as specific and concrete in your responses as possible. When you have experience of more than one country, please let us know in each response which one you are referring to.

Please feel under no obligation to respond to every question – although if you do have the time to do so, that would certainly be appreciated. These questions are intended as sparks; if you find you have something to say on one point but not on any others, we would much rather have only one question answered than no response at all. Similarly, when we ask about problems and possible solutions, please describe your experience of the problem even if you are not aware of any solution.

Many thanks in advance for your time,

Benjamin Herzberg, Investment Climate Unit, The World Bank, [bherzberg@worldbank.org](mailto:bherzberg@worldbank.org), +1 (202) 458 7846

### **General information**

- **Your name, organization and contact information:**
- **What is/are the competitiveness partnership(s) you know about or have been involved with?**  
*Name, country, year(s)*
- **Do you agree to be cited as reference in our report?**

### **Intent and Results**

- **What were the objectives of the partnership?** *Was the objective to have a specific impact on policy reform (eg on the regulatory burden) or more general (e.g. to foster dialogue between the constituents)?*

- **How were results measured?** *Were there specific evaluation criteria and/or monitoring mechanisms? Did the presence or lack of these criteria and mechanisms contribute to the project's perceived success?*
- **What positive results have you experienced?** *We're looking for specific examples of reforms directly attributable to public-private dialogue, and also for anecdotal evidence which indicates a shift in attitudes that has a more diffuse effect on improving the economic climate by facilitating other reform efforts.*

## Process

- **Was the dialogue fair to SMEs?** *Sometimes governments dialogue mostly with big corporations, and home-grown SMEs feel left out. Has this been an issue in your experience? Has anything been done about it – eg direct outreach to entrepreneurs or work to strengthen organizations representing SMEs?*
- **Did participants adequately represent society?** *Were academics, NGOs, labor unions, consumer or environmental groups included in the dialogue, and to what effect? What can be done to strike a happy balance between consultation that's too broad to be efficient and too narrow to be legitimate?*
- **What was the role of donors?** *High-profile donor involvement can raise suspicions among stakeholders about hidden agendas, but without donor impetus the public and private sectors may never get round the table at all. Have you experienced this problem and any ways to mitigate it?*

## Structure

- **How was the partnership structured?** *Was there a permanent secretariat to organize meetings and set the agenda, or was dialogue more unstructured and ad hoc? If there was a secretariat, was it funded by donors or by participants such as business groups? How did the structure impact on effectiveness?*
- **Were issues tackled through specific working groups?** *Working groups may be organized around topical issues, industry clusters or sometime organized on the basis of geographical location. Do you have experience of the advantages and disadvantages of any of these approaches?*

## Communication and outreach

- **Was there a communication strategy?** *Was the partnership supported from the bottom up? Did the dialogue meet with popular support or mistrust? Has there been any media/PR strategy for reaching out to the public and creating a constituency for reform? If so, what did it consist of and has it been successful?*

## Safeguards and Sustainability

- **What safeguards were used?** *Contacts between government and business leaders can create opportunities for rent-seeking as well as for reform. Has dialogue reinforced the power of existing elites? Have ways been found to prevent this?*
- **Were individuals or institutions more important?** *Has dialogue rested on the personal involvement of key individuals, so that the process loses steam if those individuals lose enthusiasm or influence? Has it been possible to find ways to institutionalize dialogue so that it persists when individuals move on?*
- **How was momentum sustained?** *When initial objectives have been achieved, or when objectives are open-ended, consultation can become an ineffective talking shop. Has this happened? Have any ways been found to maintain the enthusiasm of participants given the natural difficulty in getting results?*

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## Index

- Bolivia**, 2, 20, 24, 34, 45  
**Bosnia**, 2, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 43, 45, 53  
**Botswana**, 2, 4, 5, 7, 8, 30, 34, 43, 45, 53  
**Bulgaria**, 2, 7, 16, 20, 30, 43, 45, 53  
**Bulgarian**, 16, 30, 43  
**Cambodia**, 2, 4, 8, 11, 15, 20, 21, 24, 27, 31, 46, 53, 54  
**Cameroon**, 2, 28, 46  
**Chad**, 9  
**Chile**, 2, 16, 53  
**Cook Islands**, 2, 27  
**Croatia**, 6  
**Czech Republic**, 2, 6, 10  
**Democratic Republic of Congo**, 9  
**East Timor**, 2, 9  
**El Salvador**, 8  
**European Union**, 6, 10, 16, 42, 46, 53, 54  
**Germany**, 2, 5  
**Ghana**, 2, 11, 13, 14, 20, 22, 23, 24, 25, 30, 31, 32, 33, 34, 35, 43, 44, 46, 47, 53  
**Hungary**, 2, 6, 16, 42, 47, 54  
**Indonesia**, 2, 11, 20, 23, 31, 32, 47, 53  
**Ireland**, 2, 21  
**Japan**, 2, 17, 20, 22, 30, 47  
**Kosovo**, 2, 9, 27, 31, 53  
**Malaysia**, 2, 4, 5, 8, 11, 15, 28, 29, 34, 43, 44, 47, 53  
**Mali**, 2, 11, 32, 47  
**Malta**, 2, 6, 16, 42, 43, 48, 54  
**Mauritius**, 2, 7, 48  
**Mexico**, 2, 5, 6, 8, 11, 12, 15, 23, 29, 30, 42, 44, 48, 53  
**Mongolia**, 2, 28, 42  
**Mozambique**, 2, 53  
**Netherlands**, 2, 12  
**Nicaragua**, 2, 21  
**Nigeria**, 2, 8, 10, 11, 13, 14, 15, 16, 21, 22, 26, 33, 34, 44, 48, 49, 54  
**Poland**, 2, 6, 20, 42, 54  
**Samoa**, 2, 30  
**Senegal**, 2, 4, 6, 7, 15, 16, 22, 33, 36, 44, 49  
**Slovakia**, 2, 10  
**South Africa**, 2, 15, 43, 44, 49  
**Sudan**, 9, 44  
**Suriname**, 2, 26, 33, 49  
**Tanzania**, 2, 25, 36, 44, 50  
**Thailand**, 2, 20, 21, 53  
**Turkey**, 2, 4, 12, 17, 43, 50, 53  
**Uganda**, 2, 5, 7, 14, 16, 23, 24, 25, 29, 32, 34, 35, 36, 43, 50, 53  
**Vietnam**, 2, 4, 5, 9, 11, 12, 17, 21, 30, 32, 50, 53  
**Zimbabwe**, 2, 10, 43